**Business Match-Making: Good Practices**

Whether you are a community leader, business seller, buyer or investor, consider the following factors in order to maximize opportunity for successful business matches. The checklist below identifies ten key questions that can help ensure successful long-term business matches.

| **A Good Practices Checklist for Business Match-Making** | | **Yes** | **N/A** |
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| 1. Have business succession opportunities been identified and promoted? | Several tools can help identify and raise awareness about businesses succession opportunities in British Columbia.   * [Business Retention and Expansion](http://www2.gov.bc.ca/gov/content/employment-business/economic-development/developing-your-community/support-your-business-community/business-retention-and-expansion) and [Business Walks](http://www2.gov.bc.ca/gov/content/employment-business/economic-development/developing-your-community/support-your-business-community/business-walks) can help strengthen local business connections. * [Chambers of Commerce](http://www.bcchamber.org/) advocate for businesses including raising awareness about succession opportunities. * Are business succession opportunities identified through a question attached to the local business licence renewal form? |  |  |
| 1. Have all interested parties done an honest evaluation of whether the business has a good chance of continued success?   This initial  evaluation should  be carried out  before proceeding  with a business  match or even a  business plan. | * Will demand for the products or services continue? * Is it understood who the competition are and where they are at? * Has solid research on the local market and availability of resources been conducted? * If the buyer has new ideas, do they know how they can protect them? * Is financial capacity available to sustain and grow the business? |  |  |
| 1. Has the buyer been included in succession planning? | A successful long-term business match is more likely when a third party or next generation family member is part of any business succession planning process. |  |  |
| 1. Will the buyer and staff have the necessary skills and expertise to operate the business successfully? | Consider whether the buyer will have the necessary management skills, industry expertise, technical skills, finance and long term vision to grow and succeed, particularly as the economy moves towards more knowledge and skill-based occupations. |  |  |
| 1. Has the opportunity been explored for the buyer to work with the seller before purchasing? | This allows the buyer the opportunity to more fully value the business opportunity; explore the growth potential; learn the required skills like contract, fiscal and human resource responsibilities; maintain the network required to make the business a success; and realize the full range of issues from tax consequences to the culture of the organization. The Province of British Columbia provides information about [taxes, rules, regulations and exemptions](http://www2.gov.bc.ca/gov/theme.page?id=4DA4C0F9EA4A8A26605350E5097DEADD) to help businesses run properly and effectively. |  |  |
| 1. Has the buyer developed a business plan? | A business plan can help mitigate future challenges and help ensure the business can overcome them. |  |  |
| 1. Is the buyer going to pay a fair price? | * The future viability and growth of a business can be adversely impacted if a buyer pays too much for the business. * Often sellers have run their business for years and have a huge emotional attachment. They may feel justified presenting their business as being worth much more than its actual value. * Part of the value of many businesses exists in the pre-existing client and community relationships built over the years. Determining the value of relationships can be difficult without a comprehensive business succession strategy that clearly outlines how knowledge and/or relationships are valued and will be transferred. * Always carry out a full evaluation of the business opportunity before providing financing toward a purchase or investment. Also note that banks won’t normally finance intangible assets like goodwill. * Businesses located in rural BC should consider Community Futures for their financing needs. Community Futures are community based lenders and often consider financing where other financial institutions can’t. |  |  |
| 1. Have the opportunities and challenges of making business transaction within family been fully considered? | An open and transparent business succession plan that involves family interests broadly can do much to identify opportunities and reduce unanticipated issues or challenges. |  |  |
| 1. Has the buyer considered whether to purchase the assets of a company or shares in the company? | * A purchase of assets generally involves less risk and, as a result, the contract and transaction are more straightforward. A purchase ensures any pre-existing liability is the responsibility of the seller rather than the buyer. The buyer should take care that all the different parts of the business are transferred, including properties, employees or contracts. * Advantages and disadvantages also exist for making a share sale agreement. As a share holder, the properties, employees and contracts will remain in the pre-existing company’s name. A formal transaction of the assets is not necessary and thus third party involvement is not required, making it far more discreet. The share holder can inherit tax credits but also may inherit any problems such as outstanding tax bills that existed at the date of sale. The shareholder takes on greater risk than an asset purchaser and thus contracts and transactions are more involved. |  |  |
| 1. Have the buyer and seller considered employing the services of a business transfer agent or company broker? | Transfer agents or brokers work with sellers and buyers to support many of the steps outlined above and identify whether a sound business case or competitive advantages will continue to exist after a sale. |  |  |