



COURAGEOUS STEPS TOWARDS INDEPENDENCE: NAVIGATING THE \$2 TRILLION SMALL BUSINESS TRANSITION MARKET

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Over \$2 trillion (yes, that's **trillion** with a **T**) in business assets could change hands over the next decade according to the Canadian Federation of Independent Business* (CFIB). This is a result of 76% of business owners wanting to exit their businesses, most of them (75%) because they want to retire. A successful sale is a double win - they retire from work and receive capital to help finance their retirement.

The challenge is most businesses aren't saleable. The main reason for this is the owner is too involved in the day-to-day operations of the business. It's easy to understand why a prospective buyer would be wary. The very person they're buying the business from is key to the business' future.

The good news is most of what is needed to turn the business into something someone will want to buy is time. **Time** for the owner to strategically distance themselves from the operations so the business can run independently from the owner. Another required ingredient is **courage**.

Courage and time are needed to:

1. Have conversations with customers, staff, suppliers and put the right people in the right place to facilitate change.
2. Clean up financial statements/affairs so the business looks, well like a business and not an extension of your personal financial affairs.
3. Develop processes for people to follow, work through the kinks and let the team run with it.
4. Prove to the market you have built something which can thrive independently.

The other catch these owners face is they're tired. They've been at this for a while and they've lost their passion and the results speak for themselves. Even if the business does sell, it'll be for a fraction of what it would've sold for in its prime. If you're willing to relinquish control, invest in your businesses ability to run independently of you, then you'll have more time, money and an asset you can one day sell if you choose to.

There's no point in waiting until you're ready to sell, as soon as you're in position to step back and be strategic, do it. And if you need help, reach out- we'll introduce you to the right people. The other advantage of looking at this years before a potential exit, is you have time to get your business onside so you can maximize the tax advantages from the Lifetime Capital Gains exemption.

Courage truly does build independence.

* Source: [https://www.cfib-fcei.ca/en/media/over-2-trillion-in-business-assets-are-at-stake-as-majority-of-small-business-owners-plan-to-exit-their-business-over-the-next-decade#:~:text=Toronto%2C%20January%2010%2C%202023%20%E2%80%93,of%20Independent%20Business%20\(CFIB\)](https://www.cfib-fcei.ca/en/media/over-2-trillion-in-business-assets-are-at-stake-as-majority-of-small-business-owners-plan-to-exit-their-business-over-the-next-decade#:~:text=Toronto%2C%20January%2010%2C%202023%20%E2%80%93,of%20Independent%20Business%20(CFIB))

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