



THE NAVIGATOR

With 100 plus years of service, Calhoun Companies will help navigate the process of buying or selling a business.

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erving the upper midwest
since 1908.

The buying or selling of businesses is serious business that involves many steps and complexities.

An experienced guide can make all the difference for business owners who want to maximize their business investments. Such a guide takes care in understanding your needs, explaining the process, finding the best options, and handling the details. Such a guide helps deliver optimal results.

Such a guide makes your business life easier.

Calhoun Companies is that experienced guide.

For over 100 years, Calhoun Companies has helped small- to medium-sized businesses leverage their assets and realize their goals through its business brokerage and commercial real estate services.

Seller will stay following the sale.

Selling a business and walking away can be very difficult. But in many cases, there is a transition (“training” and/or “consulting”) period dependent on the size of the company and the role of the owner. Transitions may be as short as a month or two or as long as a year. In most situations, the buyer wants the seller to remain on board to shorten the learning curve and help with the smooth transfer of key relationships.

In the typical business sale, a transition period of four to eight weeks is included, and sometimes a “telephone consulting period” is added (e.g., 6 months of telephone consulting not to exceed 5 hours per month). Also, the seller may additionally be retained as a consultant at a negotiated rate. In some instances, a long-term employment contract is negotiated and the seller maintains daily involvement for a much longer period of time.

For the owner who wants to sell the company and leave quickly, the focus should be on the development of a strong management team. Be sure to introduce key employees/managers to your major customers and vendors and look at ways to delegate responsibilities. The more the customers think they are interacting with “the company” versus the “owner” the easier the transition.

If you’ve established a good management team, less time will be required for the transition to the new owner. In addition, a well developed team usually adds value to the sale.

Occasionally there are owners who want to sell but just aren’t ready to quit working. They may be looking to sell early to get a premium price while the market is in their favor or to get away from unwanted or overwhelming administrative and management duties. Either way, long-term employment contracts can be included in the sale agreement. The seller can stay on board and work with the business a few more years while still drawing an income and benefits.

If you’re selling your business, in most cases you won’t be able to walk away the day after the sale and in most cases you probably don’t want to. Talk to your business intermediary about the true timeline of the sale and transition. If you want to sell while the price is right, but you’re not quite ready to leave immediately, consider the options available to sell now and maintain a role with the company.

The International Business Brokers Association is the largest international, non-profit association operating exclusively for the benefit of people and firms engaged in the various aspects of a business brokerage and mergers and acquisitions

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Spring 2009

Thinking about buying or selling a business? You can explore the database of businesses on the web site of Calhoun Companies. Without divulging business identities, the database allows you to search for a wide variety of businesses for sale by SIC code, size, or geography and to find basic information about them. You also can learn more about Calhoun Companies.

www.calhouncompanies.com

SBA Loan Programs

In these times of tight financing, is there money available to grow or purchase a business? Fortunately, in Minnesota and the surrounding states we have many fine banks that are willing and able to finance small businesses. An important program that many banks use are SBA loan guarantees.

The two most common programs used by small businesses are:

7(A) LOANS – This is the primary loan program that helps small businesses that may not be eligible for loans through normal banking channels. Loans are made through a

commercial lender and are backed by SBA guarantees. Generally the term is for 5 – 10 years with a floating interest rate at a maximum of 2.75% above the prime rate.

504 LOANS – This is a loan that provides financing for real estate, machinery, or equipment. The loan is made through a certified development company which partners with a private sector commercial lender. Typically a portion of the loan is at a fixed rate and the commercial lender will be at a floating rate. The term can run up to 25 years. At least 10% equity is required from the borrower. As in the 7A loan, a portion of the loan is guaranteed by the SBA.