

Deal Stories

REALITIES OF BUYING AND SELLING

Spring 2021

The Confident Choice

For more than 110 years, Calhoun Companies has been the trusted choice to connect buyers and sellers of businesses and guide them both through the sales process. We know selling your business is a big decision, and we understand that you want to leave your legacy in the right hands.

In this booklet, you'll find the stories of business owners like yourself. We hope they give you confidence in the sales process, and inspire you to see the possibilities that come with selling your business.

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**STRONG BUSINESSES WILL
ALWAYS BE IN DEMAND**

SELLING DURING A PANDEMIC

When David Buxengard, the owner of A Cabin Place, decided to sell his e-commerce company, he never could have anticipated a global pandemic would impact the course of the deal. While strong businesses, particularly in the e-commerce sector, adapted quickly and continued to thrive, potential buyers got nervous and deal making became trickier. Luckily, the team at Calhoun Companies has experience guiding businesses through all manner of crises. The key is simple – strong businesses will always be in demand.

David Buxengard founded A Cabin Place from scratch more than 20 years ago. The e-commerce business sells cabin-related furniture and décor. After two decades of work, Buxengard decided to sell his business in order to focus his time on volunteering, but he had a few concerns. First, he wanted to ensure his business was sold to someone who wouldn't require much training post-transaction. Second, he needed to work with a broker who understood the complexities of e-commerce.

Little did he know that presentation would become more important than ever just a few months after listing his business. Buxengard and Calhoun Companies were deep into the sales process when the pandemic and

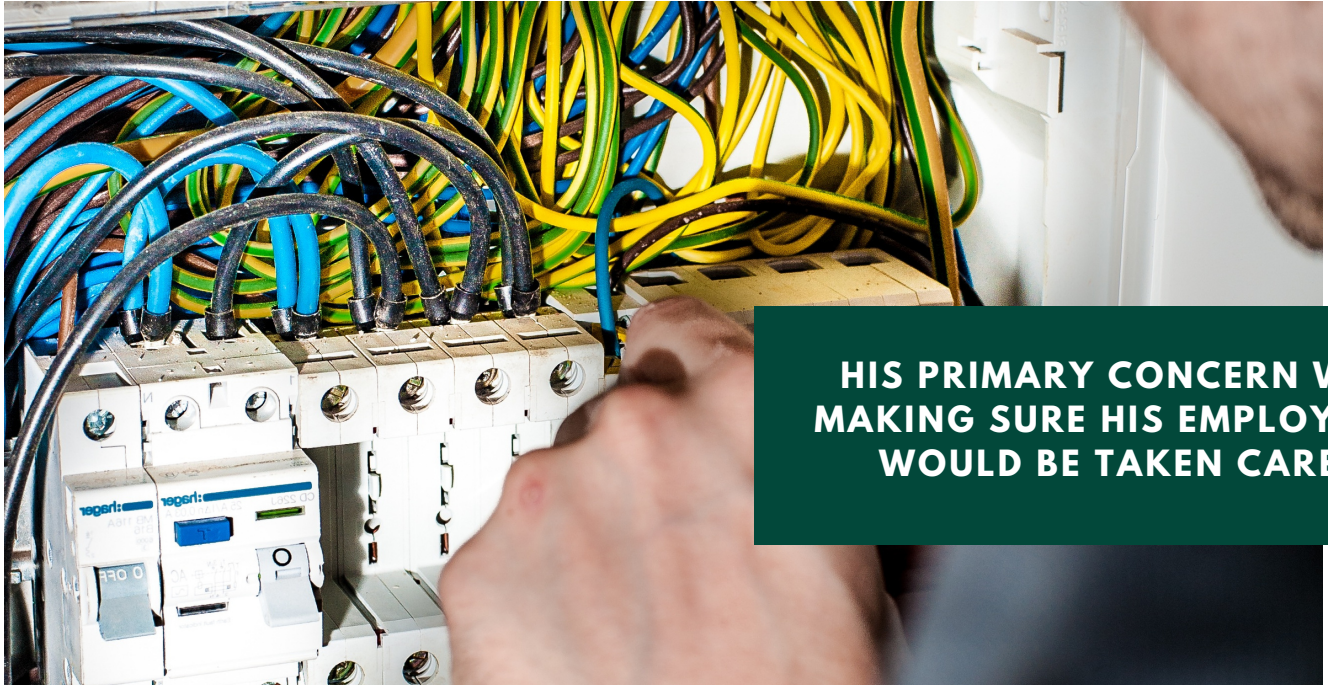
accompanying shut downs hit. A prospective buyer that was in the due diligence phase got frightened by the pandemic and made an offer below asking price, despite the fact that business improved and demand for e-commerce companies increased. Calhoun Companies recommended rejecting that offer in order to find a buyer who could recognize the upside of buying an e-commerce business. An experienced industry buyer ultimately stepped forward to make an offer, which was quickly accepted.

Calhoun Companies agent, Manooj Moorjani, says, "E-commerce businesses continue to perform well and draw a lot of buyer activity, even during the pandemic. We saw this first hand with A Cabin Place. The business started to take off after the listing was signed. With financials in order and inventory included, the business was hitting the market at a prime time and demonstrating its value."

A Cabin Place turned out to be the perfect business to sell during a pandemic that asked people to remain indoors. Ultimately, the buyer was able to purchase a thriving, crises-proof business, and the seller was able to walk away knowing his business was in good hands.



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**HIS PRIMARY CONCERN WAS
MAKING SURE HIS EMPLOYEES
WOULD BE TAKEN CARE OF**

PASSING THE TORCH

When Bud Miller, owner of Miller Electric, decided to retire, his primary concern was making sure his employees would be taken care of. He spent his entire career building his business and attracting a skilled and dedicated workforce, something that was particularly difficult to find and retain in his industry. After all these years, he wasn't about to abandon them, even if he was stepping away from his company. Luckily, having loyal employees would work to his benefit.

"An established business with a loyal workforce and clear financials is deeply attractive to potential buyers," says Manoj Moorjani, the Calhoun Companies agent who helped bring the deal to fruition. "Buyers will pay a premium price for a business that will be ready to go as soon as the deal closes."

Bud was referred to Calhoun Companies by his financial planner, and connected with Manoj. The deal itself

progressed naturally. Another electric company in the area was looking to grow and acquire a skilled team, and believed that Miller Electric would be a great business to purchase and incorporate into their operations.

"With the buyer being in the same industry, both parties were able to speak the same language," says Manoj. "There was nothing lost in translation and the business wouldn't miss a beat in the transition."

Both buyer and seller were keen to make the deal happen, and everything ran smoothly. In fact, the only hold up was waiting for the finalized tax returns the bank needed in order to close the transaction.

Now, Bud is able to slow down and spend more of his time traveling, the buyer can expand their business, and the employees at Miller Electric are taken care of.



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**THE OWNER WAS PREPARING
TO MOVE AND NEEDED TO SELL
THEIR BUSINESS QUICKLY**

PAINTING A MASTERPIECE

Business owners sell for various reasons, but one of the most common is that the owner is moving. That was the case for a paint and repair shop in the Twin Cities that was recently sold by our agent, Bob Warrick. The owner was getting ready to move to the West Coast and needed to sell their business ahead of the move. However, time was not their only consideration. The owner also wanted to make sure their customers and business relationships would be taken care of by whoever ended up buying the business.

The seller spoke with several business brokers and ultimately decided to work with Calhoun Companies because of Bob Warrick's value proposition, professionalism and responsiveness.

"While we knew we were working on a timeline due to the owner's upcoming move, the business was in

a great position for the market," says Warrick. "It had enough infrastructure to command a premium price, the financials were in order, and there was inventory that would be included in sale. That meant that we were able to price the business to achieve the perfect balance between a quick sale and a premium sale."

Because the business was healthy and ready for the market, a deal shaped up quickly and was completed seamlessly when a synergistic buyer stepped forward. They were leaving a larger company and dreamed of owning their own business. Both parties were easy to work with, came into the process with realistic expectations, were energetic, and were excited to make the transition happen quickly.

At the end of the process, both parties got exactly what they wanted. The buyer can now live out their dream of owning a healthy business, and the seller can complete their move with no regrets.



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SELLING A TWOFOR

After more than three decades in business, Mike and Natalie Murray were finally ready to sell their two companies and transition into retirement. Knowing the sales process can be difficult without guidance, they decided to enlist help, ultimately choosing to work with our agent, Robert Warrick.

The companies, Court Shoppe and Ada's Gift Shoppe, were both gift stores located in Class A office buildings. They were recently remodeled, the equipment was functioning well, the inventories were well merchandised, and sales were trending up. The only difficulty was the financials. While both businesses were profitable, the record keeping had not been modernized.

"We had to manually convert the written financials into a digital format," says Robert Warrick.

Ultimately, they were able to recreate three-years of P&Ls and balance sheets, a rolling 12 forecast, and a business plan. Everything was now set for a premium sale. Then COVID hit.

Luckily, Robert Warrick was there to guide Mike and Natalie. He helped them make adjustments to the

sales process and structured a deal that included a two-location discount and SBA financing optics.

After vetting many buyers, Calhoun Companies found the right fit, an individual with some small business experience, a good profile of hard work and desire, and technology savvy.

Robert quarterbacked the deal for both parties, supporting the buyer in addition to helping the sellers. The deal ultimately brought together Hellmouth and Johnson to prepare the closing documents, Village Bank for the SBA loan, two landlords, and both landlord's attorneys.

With that many players involved as well as a rapidly approaching deadline for SBA Disaster Relief, Robert's experience and professionalism was crucial in making the deal happen. It took roughly 60 days from signing the Letter of Intent to the closing of the deal, which was finalized just the day before the SBA Disaster Relief deadline.

Now that the deal has been closed, Mike and Natalie are looking forward to sleeping in and enjoying a less stressful life.



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FIRST TIME SELLER

When Chee Yang, the owner of Ace Colorz Auto Body LLC, decided he was ready to sell his business to pursue other interests, he knew he needed help. Chee called Calhoun Companies and was put in touch with agents Chris Lappen and Duane Johnson.

"Most business owners are not able to sell their business on their own," says Chris Lappen. "Starting, growing, and managing a successful business requires a different skill set than selling one. If you want to successfully sell a business and see your legacy be left in good hands, trust a professional."

Chris and Duane got to work immediately, analyzing the business and getting it ready to hit the market. Luckily, the business itself was in a good position to sell. While there was not much infrastructure, the location was ideal and financials

were in order and easily reconciled. Taking into consideration that Chee ran the businesses on his own with some part-time help, Calhoun Companies helped determine the price and set the business up for a quick sale.

The ideal buyer quickly became apparent. An industry buyer was actively looking to expand their operations, and was interested in acquiring Ace Colorz Auto Body. The deal would give the buyer additional space and business, while Chee could trust that his loyal customers would be left in good hands while he moved on to other passions.

"Finding a synergistic buyer is often a great outcome for a seller," says Lappen. "These deals often end up being win-win situations with sellers being able to leave their business in good hands and buyers being able to grow their companies."