

Buying or Selling A Business In Ontario, Canada

by Peter A. Cusimano, B.Sc., LL.B.

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NOTICE TO READER: The information in this article is a brief summary for informational purposes only and is only applicable in the Province of Ontario, Canada. It is not meant to be legal advice. If you require information or advice as it relates to your individual circumstances you are advised to consult with the [Law Office of Peter Cusimano](#) or speak to your own lawyer.

Purchasing or selling a business can be an exciting time. If it is not done properly, it can also be a difficult and expensive experience. The keys to making the transaction successful are:

- (i) obtaining professional assistance as soon as possible,
- (ii) allowing sufficient time for the professionals to complete their job,
- (iii) obtaining adequate financing, and
- (iv) for purchasers understanding the character traits of being an entrepreneur.

Obtaining Professional Assistance

To ensure that all issues are addressed you will need to consult with several [professional advisors](#) as soon as you make the decision to buy or sell a business including:

- 1) lawyer,
- 2) real estate agent,
- 3) accountant,
- 4) bank manager, and
- 5) anyone who can be of assistance such as a business evaluator, insurance agent, engineer, architect, consultant, or other professional in the industry of the business being bought or sold.

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Each of these professionals serves a different role and offers his or her professional expertise, experience, and contacts. The purpose of these professionals is to inform you, assist you, and advise you.

It is important to contact the appropriate professionals as soon as possible so that there is sufficient time to properly analyze your particular situation, prepare an appropriate strategy for you, conduct necessary searches, resolve any issues or unexpected problems, advise you, negotiate with various parties (including third parties such as landlords, creditors, lien holders, etc.), ensure sufficient financing is available in the case of a purchase, and prepare and complete the necessary documentation to complete the purchase or sale. In addition, it is important that there be sufficient time for the various professionals to consult with each other.

Allowing Sufficient Time

Although both purchaser and seller are usually anxious to complete the transaction, it is important that sufficient time be allocated to properly do the work necessary to successfully complete the transaction. In order to do a proper and complete job the minimum amount of time required to complete a straightforward transaction is approximately six to twelve weeks. Complicated transactions may require more time.

Obtaining Adequate Financing

If you are purchasing a business it is imperative that you obtain adequate financing. Often potential purchasers fail to properly plan for financial requirements involved in the purchase or that they will incur shortly after the purchase including:

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- (i) fees for lawyers, accountants, and other professional advisors;
- (ii) operating line of credit;
- (iii) new or additional equipment;
- (iv) operating expenses such as raw materials, advertising, employees.

Being an Entrepreneur

If you are planning to purchase and operate a business for the first time you should study the character traits of an entrepreneur to ensure that you have a good understanding of being an owner/manager. A good place to start is the business section of your local bookstore.

Conclusion

Whether you are a purchaser or a seller of a business, I am here to help you and act as your legal advisor. I have been involved in both purchases and sales of businesses and as such I have the professional expertise to ensure that your purchase or sale of a business will be successfully completed. Where required I can put you in touch with accountants, real estate agents, bankers, financial planners, architects, and other professionals to help you.

I am a business lawyer in Toronto, Ontario, Canada. If you are located in the Greater Toronto Area, I would be pleased to meet with you and represent you as your professional legal advisor.

Contact Peter Cusimano at:

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