

# Buyer – Planning the Management and Ownership Transfer

## \*\*\* *Transfer to a Third Party* \*\*\*

When a business is transferred to a third party, management and ownership are usually transferred at the same time. This is why these transfers have to be planned together. Here are the main stages in the process:

1. You must assess the state of your finances and establish your selection criteria:
  - ✓ During this stage, you will consult experts to help you **evaluate your financial capacity** to take over a business and you will inquire about possible sources of financing.
  - ✓ You will also make an assessment of your competencies and your interests to help you **reflect on your needs and expectations** with respect to the project of taking over a business.
  
2. You select a business that fits with your interests and your financial capacity:
  - ✓ You will conduct **due diligence**.
  - ✓ You will make a **takeover bid**.
  - ✓ You will **negotiate and finalize the agreement** and then **sign the sales contract**:
    - During this stage, you must establish the rules and the plan for the management transfer (the schedule, salaries, benefits, etc.) and the terms and conditions for transfer of ownership (the organizational structure of the business, the value of the shares, the terms of payment) in concert with the seller.
    - These rules will determine how the process unfolds, and they will be sealed in a formal contract.
  
3. Management and ownership are transferred:
  - ✓ The **shares are purchased** in accordance with the terms of the contract.
  - ✓ During this stage, you will **take over the management** of the business in accordance with the terms of the contract.
  
4. There is a transition period with the incumbent (optional):
  - ✓ Depending on the agreement with the incumbent, this stage may or may not occur. Usually, it is the object of a clause in the sales contract that the buyer signs with the incumbent.
  - ✓ During this stage, you will work with the incumbent so that he or she can **transfer to you his or her knowledge** of the business, its activities, and its industry as well as his or her network of contacts.

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For each step in the process, you must make a list of the elements that have to be considered and the actions that have to be taken, and you must indicate their respective time frames. Be as detailed and precise as possible. Indicate what you have accomplished so far, and then describe what remains to be done.

Stages in the process	Elements in the plan	Time frame	Already done	Still to do	Person responsible
Assessing the state of your finances and establishing your selection criteria	<ol style="list-style-type: none"> <li>1. Assess your financial capacity to take over a business.</li> <li>2. Reflect on your competencies, your interests, and your needs.</li> </ol>				
Selecting a business	<ol style="list-style-type: none"> <li>1. Conduct due diligence.</li> <li>2. Make a takeover bid.</li> <li>3. Negotiate and finalize the agreement, and then sign the sales contract.</li> </ol>				
Transferring management and ownership	<ol style="list-style-type: none"> <li>1. Purchase the shares.</li> <li>2. Take over management.</li> </ol>				
Transition period with the incumbent (optional)	<ol style="list-style-type: none"> <li>1. Acquire the incumbent's knowledge and his or her network of contacts.</li> </ol>				