

Maxima Divestitures helps business owners max out

Professional approach to exit strategy pays off

Imagine you've spent years building your company – a light manufacturing operation, for example – and now you want to sell it and retire.

How exactly do you do that? Whom do you tell? What should the asking price be, and where do you find a buyer?

Suddenly you're wandering into a field that's got nothing to do with your skills.

But with expert help, such as the professionals at The Maxima Divestitures Group Inc., your exit can be smooth and profitable, setting you up financially and ensuring a solid legacy for you and your family.

Maxima Divestitures specializes in service companies in the oil and gas industry, specialty manufacturing, distribution, engineering and technical specialties, and contractor services companies with annual revenue in the \$2 million to \$20 million range. Companies above that size are generally well-served by firms whose hefty fees can be absorbed by huge budgets.

But Maxima founder David Braun discovered, back when he was shopping for a company himself, that when operations under the \$20 million level are put up for sale, they usually wind up in the hands of someone with little or no knowledge of the seller's specific market and value.

"I was amazed when



David Braun, left, and Phil Hochhausen, of Maxima Divestitures.

I was looking to buy. Most of the time, I was dealing with individuals who had limited understanding of why the business was worth buying, the process to sell it, and ultimately the valuation. In one case I was given a photocopy of the actual business financials with white-out all over the key numbers."

Braun was shocked by the thought that a business owner would devote so much to building his company, not to realize the full value of his investment.

"It really struck me that there was a need in that market."

Considering that only one in 10 businesses put up for sale actually finds a buyer, the need is acute.

Maxima, which Braun founded more than a decade ago as a consulting company, now primarily works on behalf of business owners

wanting to achieve their exit strategies. His strong team includes Phil Hochhausen, who joined the company last July. Maxima has grown to include a U.S. office and several associates in Toronto.

Past and present clients include both private and public companies.

The process begins when the business owner contemplates his eventual exit, and calls Maxima, preferably at least a year before an expected sale.

Braun and Hochhausen then oversee a methodically structured process that includes "normalizing" the financials, determining market value and creating a corporate profile.

That's a 22-step procedure in which gross and net revenues are laid out to show the buyer how the business fully benefits the

owner, including income and perks offset by tax deductions.

Maxima also discreetly identifies potential buyers and brings them together with the seller.

The "discrete" part is important. If confidentiality is mishandled, staff can get nervous and be tempted by job offers from competitors who get wind of the pending sale. "You're at risk of losing one of your greatest assets – your expertise," Braun says.

Wily competitors won't stop there. They'll often poach the company's clients, playing up the uncertainties of new owners and their policies.

"It can be cutthroat. Even your suppliers might re-investigate your credit line if they don't know who's buying you."

Maxima's team of highly experienced people heads off such problems, and at

the same time researches the seller's business and marketplace thoroughly.

In one deal, Maxima brought in an offer for \$6.5 million to a company whose normalized value was less than \$4 million.

"We demonstrated to the buyer, who was from out of province, that he would have instant access to every operating E & P company," Braun says.

"He would have an instant sales presence and could rollout his out-of-province products into the Alberta market overnight."

Sometimes Maxima is called in when the buyer and the seller know each other and neither of them is an expert on the process of negotiating, financing and closing the deal.

"We will do the due diligence on the seller and buyer, prepare the financials and prepare the operating description."

Maxima realistically lays out both company's strengths, including the staff's expertise. "We facilitate so that both parties win."

Braun and Hochhausen say that in all these deals, beyond the facts, numbers and strategies, there's another important element that touches on the intangibles that a business owner invests in his company.

The best word to describe it is heart.

"Our heart is really to help the business owner," Braun says. "After putting his life's work into his company, it's important that he maximizes his benefit."

For more information, call David or Phil at 403.974.8278, or visit www.maximadivestitures.com