

Selling Your Pet Care Business



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Process Overview

You've invested time, effort and capital (not to mention blood, sweat and tears) into your pet care business and now you're ready to reap the rewards. But as you start thinking seriously about looking for a buyer, you realize that selling a business is no simple feat. In fact, it's a fairly complicated process.

That's where Pet Vet comes in. We have a proven, step-by-step system that will get you the highest sales price with a streamlined, stress-free process. And, in most cases, our services are free of charge until the sale is completed; we don't get paid unless you do.

Comprehensive Services: Guiding You from Query to Closing

As a strong advocate for your wants and needs, we provide query-to-closing assistance with your sales transaction. Specifically, we:

Determine Fair Market Value. We do an in-depth assessment of the value of your business and real estate (if you own it).

Prepare an engagement (listing) agreement. If you decide to work with us, we prepare an agreement that clearly outlines our relationship as your certified licensed agent and our duties to you.

Create a presentation package. The confidential presentation package is a detailed, electronic magazine that starts by emphasizing the confidential and private nature of the information it contains, and then provides specifics about your facility — from history to services offered, staffing, operations, market, competitors and expansion opportunities to high level financial information to real estate

information and more. We hire a professional photographer (at our cost) for a photoshoot of your facility and real estate. You have input, and final approval, of the presentation package prior to marketing launch.

Market your facility confidentially. We launch marketing with an announcement to our extensive, proprietary buyer database consisting of individuals and companies actively looking to acquire a pet care facility. This is followed by internet based marketing on every site where kennel buyers are searching.

Screen prospects and obtain Non-Disclosure Agreements (NDA). Every prospect who inquires about our listings is required to complete a NDA and Buyer Profile prior to receiving any information on a listing. Our full time Sales Coordinator reviews their profile for financial and skill based ability to purchase, only providing the presentation package to prospects whose initial profile fits the requirements for your particular business.

Cultivate initial interest into serious intent. Our firm continues to work with each prospect answering questions and addressing concerns; buyers are suspicious by nature and this process has to be mediated carefully by building trust and showing our expertise in not only the pet care industry, but in understanding your facility and its strengths and weaknesses.

Conduct a lender pre-qualification. When a prospect has been developed into a viable,



serious buyer, we have one of our lenders conduct a financing pre-qualification to ensure that we have a solid match between the business and the buyer. Most of private buyer transactions are financed with an SBA loan and the majority of the lending decision weighs on the business financials; by doing a pre-qualification, you are ensured that we are dealing with a financially qualified buyer and the buyer is provided even more assurances that the business is credible.

Coordinate tours. Once a buyer is pre-qualified, we will coordinate and prepare you for a tour. Tours are conducted after hours so not to alert your staff and are focused on the actual facilities and operations. By this time the prospective buyer is very familiar with your facility, so the tour is more to experience the property rather than shape an introduction to it.

Prepare the Letter of Intent (LOI). Most of the time, a tour leads to an offer from the buyer in the form of an LOI. We assist with negotiations and remove roadblocks so both parties can arrive to mutually agreeable terms.

Draft formal sales contracts. After the LOI is successfully negotiated, we prepare the formal, legally binding, sales contracts. We prepare one for the business and one for the real estate, if applicable. These documents are provided for your attorney review and, if needed, we will secure a qualified attorney for you who is well versed in business acquisitions and M&A work. *It is imperative for you to have an attorney who does M&A work in their everyday practice, not just occasionally.* Once the sales contracts are signed, earnest money deposited and escrow opened, the business is officially under contract.

Coordinate due diligence. Due Diligence is the process in which the buyer will investigate the business and real estate. This is the most sensitive period in a transaction as the buyer has the right to terminate the contract if they find issues that cannot be remedied. We will have obtained all necessary documents from you prior to this period and prepared you for any potential problems and, in some cases, suggested fixing issues that we know are probable deal killers. We work closely with the buyer and serve as the cog between attorneys, CPAs, appraisers, escrow and buyer-side analysts, fielding questions and providing additional information or clarification as needed. It is during this period that our expertise in deal making and the pet care industry excels; it takes a strong skill set in both to keep complicated transactions from falling apart.



Obtain financing. We prepare the loan application, gather all necessary documents from both parties and stay closely involved in the entire financing process to ensure a positive loan approval. Here again, our expertise in the industry is invaluable as we can answer underwriting questions and provide solutions to potential lender concerns. Bottom line is, if we can't secure a loan, you can't sell and the buyer can't buy.

Set up for closing. Our Transaction Coordinator will work closely with you and the buyer throughout the escrow process to set up for a successful closing. This includes assisting the buyer in obtaining all necessary licenses, accounts, insurance, payroll processing, etc. so they are ready to close the deal on time. We will advise you on all aspects of separating the business accounts or transferring them to the buyer or closing them down.

Resolve problems. We handle any issues that arise and remove any roadblocks between you and a successful closing.

Coordinate closing. Our company will coordinate the physical process of closing the deal and review all related documents. We will facilitate transition calls with the buyer prior to closing to coach both parties in how to handle staffing, customers, buyer training, etc. We prepare an announcement for your clients to ensure a positive, effective message that allows you to thank them for their loyalty throughout the years. We understand the concerns facility owners have about letting their staff know about the sale and will prepare you accordingly; we are very proud of how drama free and seamless our transitions are.



Stay involved post-closing. Our commitment to the transaction does not end at the closing table. We stay involved as long as necessary to assist with any issues that might arise and also enjoy hearing about your adventures after closing.

Throughout the sales process, our skilled guidance allows you to continue attending to day-to-day operations, confident that we've got your back. And, in most cases, our services are free of charge until the sale is completed; we don't get paid until you do.

Determining Business Value

The value of the business you've built is about more than just annual revenue multiplied by some arbitrary number. What we call the multiplier myth is widely believed, but far from true. Determining business value requires an in-depth understanding of the pet care industry, risk factors, economic conditions and investor motivations.

We have the skills and experience to provide you with a highly accurate assessment of your business's value. To assess the value of your business, we perform an in-depth analysis of the business financials for the past three years. We analyze how revenues break down across types of services—boarding, daycare, grooming, training, etc. Services that are not key employee dependent (boarding, daycare, add-ons) are valued higher than grooming and training that are highly dependent on an individual professional. We analyze expenses and compare them to industry statistics to determine if you're operating below, at or above your peers. We make adjustments for personal expenses that

might be imbedded in the business expenses, as well as all customary add backs to arrive at Seller's Discretionary Earnings or EBITDA. After establishing that, a multiplier is applied to arrive at business value; the multiplier is established by comparing your business' financial results to others in the industry and what they sold for.

Businesses that have a committed team of employees who operate without significant oversight from the owner are most valuable to buyers and produce higher value. Facilities that rely heavily on the owner engaging with clients to ensure repeat business and referrals are less desirable since the departure of the owner may affect those relationships; this risk factor typically lowers business value depending on how integral the owner is to the business. The pet care industry as a whole tends to have some staff turnover due to the cyclical nature of the operations, but investors are looking for a core staff who have been with the business for some time. A General Manager is highly valued and demonstrates that the business has grown from being owner centric to employee centric. This is less risky acquisition for an investor, thus generates higher value.

The growth story of your business (both historical and future) affects value. Buyers look for,

and will pay the most for, businesses that can demonstrate consistent, year-over-year growth, both in their client base and revenue. We analyze what drives the revenues and if strong growth is expected going into the future. Revenues must show upward trending to fetch high values and facilities and local market must support the growth story and opportunity for expansion. Businesses where income has plateaued or is declining will be valued more modestly.

Business value considers several other factors as well (history and longevity of the business, marketability, financing ability, local market, desirability, etc); this is just a quick snapshot of the most important factors affecting value of a pet care industry business.

Work with the Industry Leader

As the pioneer and leader in pet care business sales, we've completed transactions of all sizes, from those involving small kennels to sizable, multi-service pet resorts worth several millions of dollars. If you are serious about selling your facility, we're happy to connect you with former owners who have achieved tremendous success with us in selling their pet care business.

Next Steps

Are you ready for all the hard work you've put into building your pet care business to pay off? If so, we're eager to provide the skilled representation that will ensure you get the most value for your business. We are the only brokerage in the U.S. that focuses *exclusively* on pet care facility sales.

Contact us today at **970-609-9220** or **teija@petvetsales.com** and let's talk about how to maximize your rewards and ensure the best outcome for your staff and clients.

Keep reading for more information in our seller's series, "Selling Your Pet Care Business: The Value of Representation by an Experienced Broker," which explains why it's important to work with a team that is experienced in pet care facility sales transactions.



The Value of Representation by an Experienced Broker

Selling your pet care business is a very involved process. Today's buyers are sophisticated, have advisors and online tools at their disposal and perform thorough research before committing to a purchase. Because of the complexity of pet care facility sales and the amount of interaction with the buyer's lawyer, CPA, lender, appraisers and other stakeholders, it's to your advantage to work with a broker who will navigate all the intricacies of the transaction to ensure that the deal actually closes and you get paid.

The entire journey starts with the correct marketing of your business. Our goal is to find the best buyer for your facility, wherever they are; in your immediate area or on the other side of the U.S. Our marketing reach extends from local to national to global and our success in selling pet care facilities proves that our marketing works. In addition to outside marketing efforts, we have a *proprietary database of qualified buyers actively looking to buy a facility*. We often secure a buyer from this database, thus shortening your marketing exposure and overall transaction time.

Top 8 Reasons a Licensed Pet Care Business Broker Will Make a Difference

Pet Vet provides skilled assistance that streamlines and simplifies your transaction. Our services include firm but fair representation that provides tremendous value, including:

- 1. Accurate Fair Market Value.** You will receive an accurate assessment of the value of your business and real estate that will pass buyer, lender and appraisal scrutiny.
- 2. Best price.** With our expertise and experience in this business, we can ensure you get the highest price for your business.
- 3. Complete confidentiality.** The sales process will remain confidential until you are ready to share the news with your staff and community.
- 4. Access to qualified buyers.** We ensure your listing gets exposure to a large audience of potential buyers, both private and corporate; discreetly and confidentially. No tire kickers!
- 5. Expert problem resolution.** We deftly handle potentially deal-breaking issues that arise in every single transaction.
- 6. Obtain financing.** A declined loan application is a show stopper for any deals. We have strong relationships with lenders who understand the pet care industry and

are eager to provide funding. We handle the loan application and coordinate document gathering from both the buyer and the seller to ensure that all documents are accurate and properly prepared.

- 7. Deal with parties to the transaction.** We serve as the cog between all parties to the transaction; attorneys, CPAs, lender, appraisals, escrow, financial advisors and other professionals responding to concerns, providing answers and remedies to concerns.
- 8. Start to finish assistance.** We handle the entire transaction so you can stay focused on running your business and looking forward to the next chapter of your life.

Next Steps

Ready to start the process of selling? We're ready to assist you! Contact us today at **970-609-9220** or teija@petvetsales.com and let's craft a strategy for getting the most value for your business while ensuring a great outcome for everyone involved.

Keep reading for more information in our seller's series, "[Selling Your Pet Care Business: How to Prepare for the Sales Process](#)," which explains the three areas you need to focus on.

How to Prepare for the Sales Process

Selling a pet care business is a fairly intense process. If you are well prepared, the experience will be less stressful, your business will be more desirable to buyers and you will achieve the best possible price so you can cash in on all your hard work over the years.

There are three main areas to focus on as you prepare your business for sale: financials, facilities and emotional factors.

Financials

Getting your financial information in order is the most labor-intensive part of the process. You will need business tax returns for the last three years, income statements and balance sheets, revenue reports, etc. Ideally, your income statements should reconcile with your tax returns, so you should be sure that all journal entries into your bookkeeping system are completed by your CPA at the end of each year.

In addition, throughout the marketing and transaction period, you must ensure that your financials are kept current and clean. Inconsistencies or too many personal expenses on the business financials will cause suspicion in the buyer and reduce the value of the business in the eyes of the bank-appointed appraiser.

You should also ensure that your kennel software is accurate and up-to-date.



Facilities

You want the facilities to look clean and efficient, so eliminate any clutter. You should also attend to the outdoor areas — pulling weeds, trimming trees and bushes, freshening up the material in your dog runs, etc. However, do not get into any

major renovations without talking with us first. Some updates add value; others do not. For your residence, clutter is the main factor. It's hard for a buyer to see themselves in a house that is strongly imprinted with the seller's personal items. Repair any known deficiencies or issues and ensure that all heating, cooling and plumbing systems are in good operating condition.

Emotional Factors

In order to be sure you're ready to sell, it's important to look closely at your emotional state and your motivations. Ask yourself questions like:

- Do I really want to sell, or am I just looking for some relief from the stress of running a business?
- Am I ready to undergo the sometimes invasive sales process, including having my finances scrutinized?
- Do I have a plan for what I want to do after the sale closes?
- Are the people closest to me on board with my strategy?

If the answers indicate you're ready to move forward with a sale, we can make a sale happen. Selling a business you've nurtured and cared for is emotional and the process can be invasive. It's important to focus on the business now being an asset that you are transitioning so you can move on to the next chapter of your life. A cool head in the process wins at the closing table!

Contact us today at **970-609-9220** or teija@petvetsales.com and let's talk about how to turn the sale of your business into a win for you, your staff and your clients.