

Financing for a Business Acquisition

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The Need:

Our client, an entrepreneur that had previously started a business and sold it, was looking for financing to help him acquire his next venture. He had found a business he wanted to purchase, but had taken a job as a Senior Manager after selling his business and therefore had limited time to do BOTH the due diligence work required on the target company AND source a financing solution to acquire it.

He had some personal resources to invest and was looking for a term loan financing solution to enable him to finance the balance of the purchase price. Additionally, the target company was a seasonal business, and therefore also had a need for a working capital solution.

While the business was in strong growth mode and also positively impacted by COVID 19, it was an “asset light” business since it was consumer facing and did not require fixed or working capital assets to operate. This, however, meant that there was limited tangible collateral to secure financing.

The Solution:

We were able to source the following solution for our client from a traditional bank:

- \$525,000 term loan
- \$125,000 revolving line of credit
- \$20,000 corporate credit card

Of note, the term loans’ interest rate was prime plus 1.45% and it could be repaid over 7 years and repaid in full at any time during its term without penalty. The term loan did require a small collateral charge on personal assets, but only for a limited period of time while our client transitioned into the business.

The End Result:

As our client was busy juggling his day job and the due diligence required to acquire a business, having a professional and competent advisor do all of the “leg-work” putting together an information deck, a financial model and then going to market to source a financing solution, enabled him to really do the granular due diligence needed for him to be comfortable with the acquisition and not have to divert his attention to running around looking for financing.

He was able to conclude the acquisition and is well on his way to building out his next venture and this next exciting chapter in his life.

At Isaacs Advisory, we have extensive experience in advising on, structuring, and sourcing a wide range of traditional and non-traditional financing solutions from small and medium sized businesses.

For more information on raising financing solutions for a start-up, early stage, growth, in-transition or business in distress, please contact Adrian Isaacs at (416) 835-4511 or aisaacs@isaacsadvisory.ca.