

PLANNING YOUR
BOOKSTORE'S
NEXT CHAPTER

Pay & Associates
THE BOOKSTORE TRAINING GROUP

MEET YOUR PANELISTS

- EMPLOYEE BUYING A STORE - **JANIS SEGRESS**,
QUEEN ANNE BOOK COMPANY
- NEW TO THE BOOK BUSINESS - **JENNY COHEN**,
WAUCOMA BOOKSTORE
- PARTNERSHIPS VS. SOLE PROPRIETORSHIP -
MAGGIE FREITAG, PARNASSUS BOOKS
- FACILITATING A TRANSITION - **MARK KAUFMAN**
& **DONNA PAZ KAUFMAN**, PAZ & ASSOCIATES

WHAT YOU'LL LEARN...



- **READING THE SIGNS FOR CHANGE**
- **PREPARING TO SELL YOUR BUSINESS**
- **STAGES OF SELLING A BUSINESS**
WHAT BUYERS ARE LOOKING FOR
- **WHAT SELLERS CAN OFFER BUYERS**
- **CREATIVE OWNERSHIP OPTIONS**
- **COMMUNICATING WITH STAFF & CUSTOMERS**

JANIS - STEPPING UP TO BUY THE STORE



- **WHAT AN EMPLOYEE
MIGHT NEED TO BUY THE
STORE**

JENNY - BUYING AN EXISTING STORE



■ WHY A BOOKSTORE?

MAGGIE - PARTNERSHIP, SOLE PROPRIETORSHIP



■ MANAGING TRANSITIONS

PAZ & ASSOCIATES



- **EVERYTHING ABOUT INDIE BOOKSTORES**
- **FACILITATING STORE TRANSITIONS: LARGE & SMALL / BUYERS & SELLERS**

WHAT PROMPTS CHANGE



- **LIFE TRANSITION** - SPOUSE TRANSFERRED, RETIREMENT, READY FOR SOMETHING NEW
- **LIFE ISSUES** - HEALTH, FAMILY, FINANCIAL, STAMINA
- **BUSINESS ACUMEN** - FINANCIAL, OPERATIONAL SKILLS
- **BURN-OUT**

WHEN ARE YOU READY?

- YOU'RE NO LONGER STRUGGLING WITH THE DECISION
- YOU 'FEEL DONE' OR 'READY' FOR YOUR NEXT CHAPTER

WHEN IS THE BUSINESS READY ?

- YOU HAVE YOUR 'ELEVATOR SPEECH'
- YOU'VE PREPARED YOUR PRESENTATION

TODAY'S CHALLENGES

- INTEREST IN OWNING A BOOKSTORE HAS CHANGED
- THE MEDIA ISN'T HELPING
- INDIE BOOKSTORE MARKET SHARE KEEPS DECLINING
- WOULD-BE BUYERS ARE MORE RELUCTANT
- FUNDING / BORROWING



TODAY'S OPPORTUNITIES

- INTEREST IN BOOKS CONTINUES
- THE MEDIA CONTINUES TO COVER BOOKS & AUTHORS
- E-READING IS REACHING A PLATEAU
- SHOP LOCAL CONTINUES TO STRENGTHEN
- COMMUNITIES WANT AN INDIE BOOKSTORE



PREPARING FOR A TRANSITION



SELLING IS A PROCESS



- **FORM YOUR TEAM OF PROFESSIONALS**
- **DETERMINE A PRICE**
- **DEVELOP YOUR PRESENTATION**
- **SHARE THE NEWS**
- **HANDLE INQUIRIES & OFFERS**
- **MANAGE DUE DILIGENCE**
- **FINALIZE THE SALE**

GLOSSARY



- **BUSINESS OFFERING DOCUMENT**
- **NON-DISCLOSURE AGREEMENT**
- **LETTER OF INTENT**
- **DUE DILIGENCE**
- **CLOSING DOCUMENTS**

HOW LONG CAN IT TAKE?



- **LONGER THAN YOU
MAY WANT...**

SELLING THE BUSINESS TO WHOM? HOW?



- FAMILY MEMBER
- EMPLOYEE(S)
- CUSTOMER
- UNKNOWN INDIVIDUAL

FINDING THE RIGHT MATCH



- DATING
- ENGAGEMENT
- MARRIAGE

IDENTIFY YOUR TEAM



- **BROKER OR FACILITATOR**
- **ACCOUNTANT**
- **ATTORNEY**
- **BUSINESS COLLEAGUES,
MENTORS, SBA, TRADE
ASSOCIATION**

DETERMINE A PRICE



- **BUSINESS VALUATION - RATIOS & OPERATIONS**
- **TANGIBLES**
- **INTANGIBLES**

DEVELOP YOUR PRESENTATION

"Fiercely committed to putting the right book in the right hands."



**R. J. JULIA BOOKSELLERS
BUSINESS SUMMARY**

PAST, PRESENT, AND FUTURE

CONFIDENTIAL

The attached Business Summary for R. J. Julia Bookellers (the "Company") is for informational purposes only, and will only be made available to qualified prospective buyers as a precursor to a purchase agreement containing the price and other terms of sale.

- **BUSINESS SUMMARY -
NARRATIVE & FINANCIAL**
- **DETAILS THE BUSINESS &
ITS HISTORIC SUCCESS**
- **ANTICIPATES QUESTIONS**

SHARE THE NEWS



- **STAFF**
- **CUSTOMERS**
- **LOCAL MEDIA**
- **BOOK INDUSTRY**

HANDLE INQUIRIES & OFFERS



- **BEYOND PRICE ... TERMS, TIMING, INVENTORY VALUATION, RETURNS, UNREDEEMED GIFT CARDS, ETC**
- **LEGALLY-BINDING COMMUNICATION**

MANAGE DUE DILIGENCE



- **MORE DETAILED LOOK INTO THE FINANCIAL STATEMENTS, TAX RETURNS, INVENTORY, LEASE & OTHER AGREEMENTS**
- **QUESTIONS FROM PROSPECTIVE BUYERS**
- **TAKES TIME & REQUIRES A TIMELY RESPONSE**

FINALIZE THE SALE



- SIGN LEGAL DOCUMENTS
- MANAGE THE TRANSITION - PUBLICITY, INTRODUCTIONS, VENDOR ACCOUNTS, ETC.
- SELLER'S CONTINUING ROLE

WHAT BUYERS WANT

ASPIRATIONAL

PERSONAL

FINANCIAL



WHY BUY A BOOKSTORE?





OBSTACLES TO THE SALE



- **INABILITY TO SHOW A PROFIT OR INCOME FOR OWNER**
- **DECREASE IN SALES & PROFITS**
- **UNREASONABLE BUYER EXPECTATIONS**
- **WRONG TEAM MEMBERS**
- **LANDLORD OR TERMS OF LEASE**
- **SLIM MARGINS**

WHAT BUYERS WANT TO KNOW



- **FINANCIAL PERFORMANCE**
- **SALES**
- **INVENTORY**
- **MARKETING & CUSTOMER DATA**
- **TECHNOLOGIES USED**
- **ASSETS**

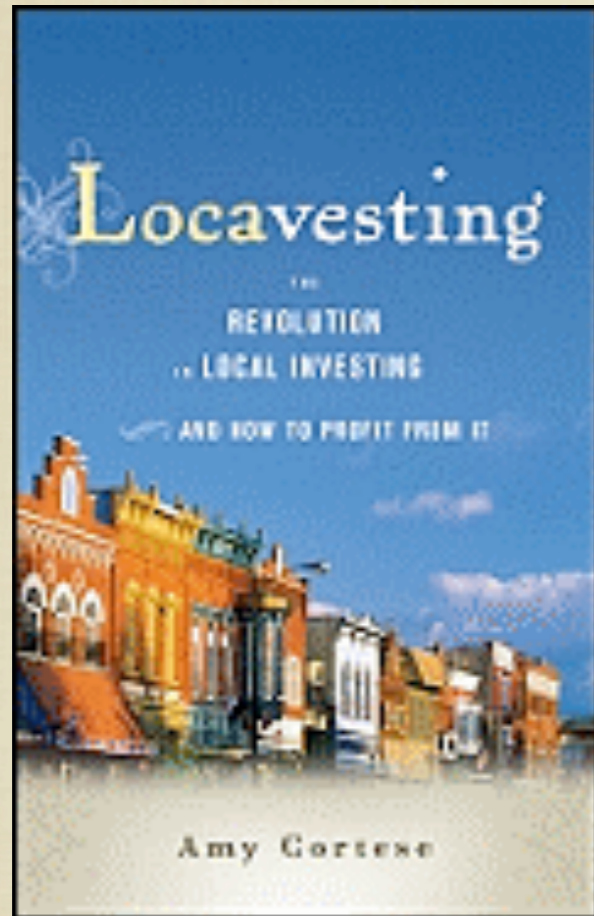
PLUS ...



- **WILL THE STAFF STAY?**
- **WILL PUBLISHERS STILL SEND AUTHORS?**
- **HOW MUCH OF CUSTOMER LOYALTY IS TIED TO THE PRESENT OWNER?**
- **WHO COULD POSSIBLY FILL YOUR SHOES?**

CREATIVE NEW CHAPTERS

- **PARTNERSHIPS**
- **EMPLOYEE OWNERSHIP**
- **CO-OP / COMMUNITY OWNERSHIP**
- **NOT-FOR-PROFIT ORGANIZATIONS**



**LOTS OF DETAILS,
INCLUDING LEGAL
REQUIREMENTS &
GUIDANCE**

**LOCAVESTING BY AMY
CORTESE**

JOHN WILEY & SONS

9780470911389

WHAT IF ...

- YOU HAVEN'T SHOWN A PROFIT
- YOU HAVE A QUALIFIED BUYER, BUT CAN'T AGREE ON PRICE
- YOU HAVE CONCERNS ABOUT THE NEW OWNER'S PROBABILITY OF SUCCESS
- NO ONE SURFACES
- YOU DON'T HAVE ENOUGH TIME

IF ALL ELSE FAILS

- **CALL THE QUESTION: REGROUP, KEEP GOING, CLOSE**
- **WHAT'S WORTH LIQUIDATING**
- **COMMUNICATING WITH STAFF, CUSTOMERS, THE COMMUNITY**
- **GIFTING THE STORE TO A NON-PROFIT**

COMMUNICATING WITH STAFF & CUSTOMERS



- ADDRESS IN ONGOING STAFF MEETINGS
- PROVIDE UPDATES
- HELP THEM HANDLE QUESTIONS & INQUIRIES
- REMAIN POSITIVE

CONTROLLING THE MESSAGE



- ASSUME CHANGE IS UNCOMFORTABLE FOR MANY
- KNOW SOME CAN'T IMAGINE THE BUSINESS WITHOUT YOU
- MAINTAIN “BUSINESS AS USUAL”
- ENGAGE & INFORM
- EXPECT THE BEST OUTCOME



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