Planning Your Bookstore’s Next Chapter
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

- 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

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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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