

Exit strategy experts

Firm helps dealers find a profitable way to sell the business when the time is right.

BY HEATHER HUDSON



Buying or selling a dealership is often one of the biggest transactions in a dealer's career. It requires precise timing, a load of legal and accounting paperwork and nerves of steel.

Dealer Solutions Group President and Founder Farid Ahmad and Chief Operating Officer Arthur Madjarian bring their unique experience and expertise to an intimidating process that is becoming big business as the industry ages.

"We've got such a large percentage of people coming to the end of what they consider their working life. More people are evaluating what they're going to do in the future and are looking into selling [their dealerships]," says Ahmad.

On the flip side, dealer groups across Canada are constantly expanding and looking for high-quality dealerships to acquire.

Ahmad and Madjarian also own Auto Careers Group, the largest specialized automotive recruitment agency in Canada, which puts them face to face with dealers across the country, further solidifying their reputation as expert and reliable business people.

In Canada, Dealer Solutions has completed transactions for as little as \$300,000 for individual rural dealers and as large as \$100 million for a dealer group with 16 franchises.

FOUR TYPES OF SELLERS

According to Madjarian, there are four types of dealers who reach out to Dealer Solutions to discuss selling.

SELLERS OVER 60 WITHOUT A SUCCESSION PLAN. This comprises the largest category, says Madjarian, estimating it's about 60 per cent of dealers they work with.

SELLERS WHO HAVEN'T STAYED IN TUNE WITH THE INDUSTRY.

"They may not be up to speed on digital, which has caused their volume to drop because old-fashioned ways don't work anymore."

DEALERS RELUCTANT TO REINVEST IN THEIR FACILITIES.

There are so many manufacturer updates required now and a dealer needs to know they're going to be in business for at least 10 years to find a profit after making that kind of investment.

PROFIT-TAKERS. These are strategic thinkers who have assessed the risks and rewards and have decided that now is the best time to leave the marketplace and cash in.

"Each category has different challenges, wants and needs. It's our job to identify who they are and apply our process to get the best deal possible—for both sides of the transaction," says Ahmad.

While most of their clients are in the first category, there's often overlap between all four.

"Dealers [looking to sell] usually need to reinvest or cash out. That's the dilemma people who are 60+ face. Do we reinvest? Where's the return? Where's the automobile industry going?" says Ahmad.

"The majority of the people we've transacted have transitioned to enjoying the rest of their lives. If you have a coveted franchise, there's never been a better time to go."

BIGGEST CHALLENGE WITH SELLING

Valuing a business is one of the hardest aspects of completing a buy/sell transaction.

"Even someone who's an experienced

profit taker is guessing. We've completed 108 transactions and have appraised 293 individual car dealerships. We can compile all the statistics and information to find the right price in Canada at any given time," says Ahmad.

THE DEALER SOLUTIONS DIFFERENCE

When it comes to selling vehicles, the key to success is often developing strong relationships. Turns out, the same is true for buying and selling dealerships.

According to Ahmad, dealers justifiably put a lot of stock into the relationship they form with him and Madjarian and their Canadian team. They've selected staff who can represent the needs of dealers across all spectrums of the transaction.

"We have three ex-car dealers, whose dealerships we helped sell, five who have a manufacturing background with three different brands, a CPA who comes from a publicly chartered accounting firm and an ex-dealer who was a finance banker for 20 years," says Ahmad, who, along with Madjarian, is a former general manager.

With regional posts in Vancouver, B.C., Calgary, Alta., Montreal, Que., St. John's, Nfld and Halifax, N.S., the company is well-positioned to make connections with dealers in their communities.

According to Ahmad, one of the factors contributing to Dealer Solutions' success is the even disbursement of the team across Canada.

"It's important to us that we have representation across the country. Although we work on every transaction as a team, we want to have people embedded in communities across the country, to offer local expertise and familiarity," he says.

As the market continues to be competitive, Ahmad and Madjarian are gearing up for a lot of activity over the next few years. "We're expecting a lot of excitement in 2018."

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Farid Ahmad



Arthur Madjarian