

Every deal has a few moments where the room gets quiet and everyone reads the same sentence twice. In London, non-compete agreements cause most of those pauses. They sit at the junction of value protection and future freedom, and if you miss the nuance, you invite tension months after closing. We have seen sellers lose sleep over overly broad restrictions, and buyers lose customers because the seller opened a “consulting project” across town. Neither is inevitable. The key is context, precision, and a dose of local market reality.

## **Why non-competes matter more than they used to**

When you buy a small business, especially in a tightly knit market like London, you are often buying relationships, routines, and a brand reputation that took years to establish. You are not competing against faceless software. You are competing against whether a customer recognizes the same voice on the phone and whether suppliers still offer the same payment terms. If the seller immediately launches a similar venture next door, the goodwill you paid for evaporates. That is why non-compete and non-solicit covenants are integral to price.

At Liquid Sunset Business Brokers, we look at these clauses as price protectors. Buyers ask, often quietly, whether the seller could siphon away 20 percent of the revenue in a year if left unconstrained. Sellers, equally quietly, ask whether they are being locked out of their own skill set. The clause is not about punishment. It is about setting a fair radius, a reasonable duration, and clear definitions, so no one has to guess later.

## **London’s local realities, not legal theory**

There is London practicality to consider. Distances, industry clusters, and customer travel habits matter. A five-kilometre radius can be meaningless for an e-commerce brand and punishing for a downtown café. A three-year restriction can be too long for a seasonal service in a fast-shifting niche but reasonable for a specialized B2B provider with multiyear contracts. We have brokered transactions across retail, trades, light manufacturing, hospitality, and professional services here. Patterns emerge.

For location-heavy businesses whose customer base is tightly bound to neighbourhoods, a radius tied to drive time rather than a circle on a map reads better to both parties. Ten to fifteen minutes in typical traffic is a common anchor. For service businesses that travel to clients, a zone defined by postal codes or municipalities works better. For recurring revenue operations, such as maintenance, IT, or design firms, the non-solicit tends to carry more weight than the non-compete, since relationships and retained contracts are the core asset.

## **What courts tend to look for**

We are not your lawyers, and we never play one in a deal room, but we have read enough case law summaries and negotiated enough closings to know what helps clauses withstand scrutiny. Clarity helps. Proportionality helps. Tying the restriction to the goodwill purchased helps. Overbreadth, especially vague phrases like “any business similar to,” can trigger fights. If it has to be litigated, both sides have already lost time and money.

A common structure pairs a non-compete with a non-solicit and a non-disparagement covenant, plus specific carve-outs. The carve-outs make the rest enforceable, because they show intention rather than blanket control. For example, an owner who sells a HVAC company may agree not to operate another HVAC company within a 25-kilometre radius for two years, but can keep a small portfolio of passive investments and advise a friend’s commercial property firm on energy efficiency, provided there is no solicitation of existing clients or employees. Details like that reduce ambiguity.

## **The short list of terms you need to get right**

We encourage clients to focus on a handful of practical elements and not get lost in legal verbosity.

- **Scope:** Exactly what activities are restricted. Define services, product categories, and delivery channels with examples where appropriate.
- **Territory:** Distance, postal codes, or municipalities. Think in terms your customers would use.
- **Duration:** Tie it to revenue cycles, contract lengths, or reasonable customer churn periods.
- **Non-solicit vs. non-compete:** Non-solicit often carries the risk weight for service firms. Use both wisely rather than leaning on a single blunt instrument.
- **Carve-outs:** Passive investments, existing side projects, or teaching and speaking. Spell them out to avoid accidental breaches.

## **How this plays out across different businesses**

A restaurant on Richmond Row has a different competitive footprint than a B2B distributor in an industrial park. We map the risk to the business model, not to a template.

For a specialty café, the goodwill is hyperlocal and fragile. Customers attach to a location and a vibe. If the seller opens a similar shop seven blocks away within six months, a new owner feels the hit immediately. We have used non-competes with a 2 to 3 kilometre radius for 24 months paired with a strict non-solicit. It is small enough to respect the seller's freedom to pursue other culinary ventures elsewhere in the city, large enough to protect the buyer's early runway.

For a trades business like plumbing or electrical, the territory expands, but the relationship focus grows. Clients call the person they know, and techs carry goodwill in their toolbags. Here, a non-solicit aimed at employees and customers often matters more than street-by-street geography. A typical package might restrict the seller from directly or indirectly soliciting any customer or employee for 30 months, with a citywide non-compete for 18 to 24 months. Staff retention bonus plans aligned with the non-solicit add real teeth without being punitive.

For e-commerce or hybrid businesses, an old-fashioned radius is almost meaningless. The internet leaks across borders. We frame the scope around categories and channels. The seller might agree not to sell certain SKUs or operate websites targeting the same keywords and geography, or avoid specific marketplaces under a defined brand family, for a set period. Spend time on definitions here. If "home wellness" means three distinct subcategories to you, name them.

## **How negotiators balance risk and price**

One consistent pattern: the cleaner and tighter the restrictive covenants, the easier it is to defend a strong price. Buyers pay for certainty. If you want a higher multiple as a seller, be prepared to sign a well-tailored non-compete and a firm non-solicit. Conversely, if a seller insists on broad carve-outs and short durations, buyers often ask for earn-outs or price holds to compensate for higher post-close risk.

We have had deals where three months of duration, on its face, seemed absurdly short. Yet in context, it made sense. A seasonal rental business where 80 percent of revenue happens over 10 weekends does not need a 3-year fence. The seller agreed not to operate or promote any competing rentals for that season and the next, with a non-solicit running longer. The buyer got the two cycles that mattered. The seller regained flexibility. Price held because risk was well understood.

## **Drafting for clarity, not cleverness**

Boilerplate clauses copy-pasted from another jurisdiction can poison goodwill faster than any dispute. Mentioning states or provinces that do not apply, using American spellings and terms in a Canadian agreement, or referencing regulations that do not govern the transaction can spook the other side. Clean drafting signals competency and fairness.

Plain language reduces the odds of "friendly breaches." A seller "advising" a family member is fine in spirit until the advising becomes a front for client poaching. If the agreement prohibits ownership or operation of a competing business, address indirect control, revenue sharing, and "advisory roles" with specificity. If you restrict solicitation, cover phone, email, text, social media, and in-person contact. It sounds meticulous. It prevents arguments.

## **Handshake trust is great, documented trust is better**

London's business community is small enough that reputations move fast. Most owners try to do the right thing, and that helps. Still, deals change people's daily routines. Six months after closing, a seller may feel nostalgic, see an opportunity, and justify a small exception. We have seen "just helping out" turn into a drip of customer migration. A clear clause and a friendly call can reset the line before it becomes a dispute.

We advise both sides to schedule one post-close check-in related specifically to the covenants. Ten minutes, one agenda: any planned consulting, investments, or new ventures that might brush against the agreement. Most concerns die in that conversation.

## **The cost of overreach**

Overly broad non-competes can backfire. If you block a seller from working in their field in the entire region for five years, you risk a court trimming the clause, or worse, refusing to enforce. Even if it holds, you can damage momentum.

Many buyers benefit from the seller staying visible in the industry, albeit in non-competing ways. Teaching, mentoring, or participating in associations keeps the goodwill ecosystem healthy. Buyers recruit faster. Vendors remain friendly. Everyone still answers each other's calls.

We once worked with a seller of a boutique marketing agency. The first draft barred them from "marketing services" across Southwestern Ontario for four years. That term can mean everything from branding to SEO to event production. The seller balked, and rightly so. We reworked the clause to anchor to the agency's actual revenue categories, draw a city-level boundary except for legacy clients carved out for the buyer, and shorten the period to 24 months with a 36-month non-solicit for staff and clients. Both sides signed in two days after a month of deadlock.

## **How Liquid Sunset Business Brokers approaches the conversation**

Our job is to translate business reality into deal language. We start with a risk map. Where can the seller reasonably go, in time and space, without undermining the goodwill the buyer just paid for? Then we align those answers with market norms that counsel can defend. The buyer is trying to protect cash flow and culture. The seller wants to keep a livelihood and capitalise on a career's worth of knowledge.

When clients search for a small business for sale, especially those new to London, they often ask about "standard" terms. There is no single standard, but there are workable bands. Two years is a familiar duration for many bricks-and-mortar operations. Citywide or multi-postal code coverage is typical for service firms. Non-solicit of employees can run longer, often up to three years, because retraining teams takes time and money. If an earn-out or vendor take-back is in play, we sometimes tie the covenant duration to those timelines, which aligns incentives.

Our local vantage point matters. As a business broker in London Ontario, we know when a 10-kilometre radius accidentally blocks half the city and when it misses the real competitive line entirely. We have seen sellers sell again, buyers become sellers, and staff become owners. The covenants you sign today should not poison the well you may need tomorrow.

## **Special cases that trip people up**

Family businesses produce edge cases. A seller might not intend to re-enter the market but has adult children in similar fields. The agreement should address family members and affiliates. If the intent is to restrict indirect competition through family ownership, say so. If a child already operates across town with a slightly different focus, clarify that the existing operations are allowed but may not accept or pursue clients from the sold business for the restricted period.

Another tricky area is online advertising. Even if a seller avoids direct solicitation, ads targeting the same keywords, especially branded terms, can create friction. If you are buying an e-commerce business or a direct-to-consumer brand, spell out rules about paid search, retargeting audiences, and email list ownership. Name the accounts being transferred, list the platforms, and state that lookalike audiences derived from those lists belong to the buyer. That level of detail avoids endless he-said-she-said over pixels and tags.

Finally, be careful with "consulting." It sounds benign. It can become active competition under another name. If the seller will consult, define hours per month, client categories, and conflict screen procedures. Even better, write a small consulting agreement between buyer and seller for a transitional period. Pay fairly. Get the benefit of continuity while avoiding territorial blurring.

## **Pricing power and the covenant package**

Buyers often ask us privately whether a tougher non-compete means they can pay less. Usually, it means they can pay more with confidence. The covenant is one of a few levers that make or break multiples, along with verified financials, clean customer concentration, and owner-dependence. If you are buying a business in London and the seller is central to production or sales, the non-solicit for employees and clients carries real monetary value. We have seen a 0.25 to 0.5 turn of EBITDA swing hang on whether those provisions felt strong.

On the sell side, if you want flexibility for a near-term venture that could be adjacent, bring it up early. Buyers hate surprises at the eleventh hour. We have structured deals where the seller retains a niche line or spinoff with an agreed brand shift and a customer non-solicit. Carve-outs priced and disclosed early create cleaner closings.

## **Post-close behaviour that earns goodwill**

Documents set boundaries. Conduct builds trust. We coach sellers to make a public show of support in the ways that matter: warm introductions to top clients, a joint note on social media, and a handoff call to key suppliers. Even with a tight non-compete, nothing protects the buyer more than a seller who wants the next chapter to thrive. We have also watched buyers sabotage themselves by trying to rewrite everything in month one. A thoughtful transition, with the seller's voice helping customers settle in, reduces the need for hard enforcement later.

On the buyer's side, be fair when there is a grey area. If a seller asks for permission to take one legacy client that predates the sold business and has done no business with it, evaluate the request against the spirit of your agreement. Sometimes, granting a measured exception buys loyalty that prevents future problems. Keep a written record. Keep it polite.

## Working with advisors without losing the plot

Good counsel is worth their fee. Still, remember the business objective. We have watched deals stall for weeks over a five-kilometre difference in radius that did not matter in practice. Before you push for every inch, ask what you are actually protecting. If the team on the other side has credible reasons for a carve-out, have your broker or counsel quantify the risk. Is it a measurable revenue threat or a theoretical concern? The market punishes theory.

Our role as a business broker for London Ontario is to keep everyone anchored to the deal logic: what you paid for, what you promised, and what makes future operations clean. Liquid Sunset Business Brokers exists to do just that, whether you are browsing a small business for sale in London Ontario, preparing your company for market, or assessing a letter of intent with [business for sale london ontario](#) more red ink than black.

## A practical path to agreement

Deals move faster when both sides prepare. Here is a short checklist we share early in negotiations to reduce churn.

- Inventory the goodwill: list your top customers, key employees, supplier relationships, IP, domains, phone numbers, and social handles. The covenant should match this landscape.
- Define realistic boundaries: map where customers come from and how far they will travel. Use actual data, not guesses.
- Draft carve-outs with examples: write down the specific roles, investments, or side projects you want to preserve. Specificity earns trust.
- Align with transition periods: match durations to training, earn-outs, or contract cycles so the covenant tracks real risk.
- Decide the enforcement posture: agree how breaches will be addressed, starting with notice and cure periods before escalation.

## Where Liquid Sunset fits

Our name might be relaxed, but our files are not. At Liquid Sunset Business Brokers, we centre the conversation on outcomes that stick. We help match buyers and sellers, but we also work through the aftertaste of terms that felt good in a conference room but cause headaches six months later. The London market rewards credibility. If you are looking for business brokers in London Ontario who combine deal mechanics with local judgment, bring us your questions early. We will tell you what usually works, what often fails, and what the trade-offs look like in your industry.

For buyers browsing platforms and seeing a small business for sale in London Ontario with an attractive multiple, ask for the draft restrictive covenant early. Do not fall in love with the P&L and ignore the rules of the road. For sellers ready to transition, position your flexibility as part of the value proposition. A fair, clean non-compete is not a burden. It is the bridge that carries your reputation into someone else's ownership and lets you move into your next venture without drama.

## A final word on fairness and future options

The best non-compete agreement reads like common sense when you revisit it a year later. It protects the buyer's investment without handcuffing the seller's future. It reflects how customers actually behave in London, which is to say, they are loyal until they are not, and they respect clarity more than slogans. If you write with that in mind, most disputes never start.

Liquid Sunset Business Brokers will keep preaching the simple truth: start with the business reality, write with precision, and leave enough room for people to keep making a living. If you are buying a business in London, or preparing to sell

one, the covenant is not a footnote. It is part of the price, part of the plan, and part of your reputation. Handle it with the same care you use to count cash or sign a lease. The payoff is quiet, which is exactly how a post-close period should feel.