

Preparing your business for sale

What to do when selling your business.

The moral of this story comes at the beginning, rather than at the end; "Talk to us sooner rather than later". Some of the best sales are achieved after months, or even years of preparation.

In the meantime, this factsheet provides a host of hints and tips to achieve a successful business sale.

Consider the following:

- Confidentiality** Obtain a Confidentiality Agreement before letting the purchaser see the way you operate, your figures and secrets.
- Structure** Should you sell your shares in the Company or have the Company sell its assets?
- Tax** It is possible to structure the transaction so that no tax is payable. Consider your options carefully.
- Handover** The Purchaser may wish you to stay on to oversee a smooth transition of control to his people. If you want to get away, consider how your key Staff can be empowered to assume this role.
- Disclosure** Purchasers wish to be reassured that there are no "skeletons in the cupboard". They want to know what the problems are, if any.
- Warranties** If you refuse to give warranties, you will raise suspicions that you have something to hide.
- Insurance** Review your cover. Consider the possibility of insuring yourself against inadvertent misrepresentation.
- Property** The Purchaser will investigate title and find out all he can about your premises. Keep a file for all paperwork. Know where the deeds are.
- Key Staff** In return for pay rises, get them to agree a modern employment contract.
- Employees** Document all your staff employment terms.
- Licences** Your business may depend on a Licence to use a process or name or authorisation from governmental statutory or local authority. Check the formal requirements for assignment.
- Contracts** All businesses have on-going contracts. There may be contracts with Suppliers, Customers, Distributors, Franchisees, Licensees, Tenants, Equipment Leasers, Cleaning and Maintenance firms, Consultants. Check that all relationships are documented.

- Intellectual Property** There may be plans, drawings, graphics, art, models, designs, patents, trade marks. List them and document them. Check the formal requirements for assignment.
- Litigation** Consider whether to attempt settlement. Purchasers hate uncertainty or will use it to reduce the price. Consider the potential for adverse press comment.
- Revenue** Consider the quality of your income. The Purchaser will be trying to decide whether he can maintain it.
- Expenditure** The Purchaser will also be looking to see whether your expenditure can be reduced and yet still maintain revenue growth. Do that job yourself!
- Documentation** Your dealings with the Purchaser will be verbal. His lawyers will want documentary evidence. Start now.
- Timetable** Prepare properly, then you can confidently agree a tight timetable. Demand that the purchaser perform.
- Discipline** Consider your present practices in the light of the expectations of a potential Purchaser. Improve your administration and record keeping in anticipation.

We would be happy to become more involved with your business and to render advice on your systems from a legal point of view.

For more information please do not hesitate to contact us on: 0845 270 2511.