

PRACTICAL TIPS FOR BUYING A BUSINESS



JDC – THE ART OF CORPORATE FINANCE

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In our discussions with clients over the years, we have often been asked what our top tips are for buying a business. We thought it would be helpful to summarise some of them here.

When considering an acquisition, always:

- Be absolutely clear on the reasons for wanting to acquire and whether the alternatives (organic growth for example) have been carefully appraised.
- Understand the key attributes of your ideal target business.
- Have a clear acquisition business plan and financial model including potential variants on methods of financing the transaction.
- Predetermine your target evaluation criteria. What would make one acquisition attractive and another unattractive?
- Establish a plan to maintain confidentiality.

Select the right acquisition team and understand the disruption it may cause to the continuing business. Carefully select external advisors with the right track record and personal chemistry to work closely with you.

Explore all possible routes for successful target identification and be patient in selecting the right target.

Having selected a target, carefully analyse what it contributes to your overall plan for the enlarged group or your personal aspirations. Understand how it contributes to your ultimate exit strategy and carefully and critically appraise the synergies that might be secured. Appraise the value of the target in this context and understand whether you are paying a premium and if so, why. Incorporate the anticipated effects of the acquisition within your financial model.

Clearly incorporate the key terms of the agreed deal in a concise heads of agreement.

Ensure the right members of your team are involved in the due diligence process, working alongside your professional advisors. Make sure the process is focused on what is commercially important as well as dealing with financial, legal, environmental and other traditional areas of due diligence reviews.

Remain sensitive to the concerns (not always financial) of owner managers who are selling their business. Try and establish an empathy if you can. Understand the net value of the deal to them and be sure your advisors have considered the seller's perspective when advising you on the structure of the deal.

Remain alert to alternative deal structures which might achieve the seller's objectives and enhance your own position.

From an early stage in the process, develop your post-acquisition integration or remodelling strategy and carefully appraise the people who will be of continuing importance in the business, understanding and developing the key personal relationships that need to be maintained.

Call **01603 703177**
for further information

CONTACT DETAILS

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ABOUT JDC CORPORATE FINANCE

JDC Corporate Finance specialises in providing transaction and related corporate advisory and tax planning services to owner managed businesses.

Our team is led by Jon Dodge, who has over 15 years corporate finance experience and has acted as lead advisor in over 40 successfully completed sale or purchase transactions in the last five years ranging in value from less than £75,000 to in excess of £50 million. In addition, we have extensive valuation, due diligence and general transaction "hand holding" experience.

Alongside our transaction work, we also provide a range of corporate advisory services.

Our general practice arm is the perfect partner for developing and enterprising businesses that require a bit more from their accountants.

We are a service-led business run by experienced hands. We pride ourselves on understanding our clients' objectives and on having the necessary experience to deliver the results they require.

Find out more about JDC at www.jdccorporatefinance.co.uk or

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