

PRACTICAL TIPS FOR SELLING A BUSINESS



- Valuations
- Acquisitions
- Disposals
- MBOs/MBIs
- Divestments
- Equity investment
- Restructuring
- Business plans
- Financial projections
- Strategic development
- Commercial analysis
- Market intelligence

JDC – THE ART OF CORPORATE FINANCE

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

When considering a sale, always:

- Understand your reasons for selling and prioritise your personal aspirations.
- Understand the disruption it will cause to your business and set clear plans to manage the disruption.
- Be realistic about the timescale for a potential transaction.
- Sort out the wrinkles in your business before going to market – whether organisational, financial or personal.
- Establish a plan early in the process to maintain confidentiality.

Select your advisory team early in the process and make sure they have the necessary experience for the task and that you are comfortable with them personally.

Get the tax planning done early and understand what it is achieving for you.

If using a sales memorandum or information memorandum to market the business, make sure it is tailored and specific and that you would want to buy the business it is describing.

Understand why potential purchasers are being selected as potential target buyers by your advisors.

When a buyer is identified, understand their motives for wanting to do the deal and devise a strategy for trying to secure as much of the buyer's upside synergy as possible.

Let your advisors take the lead in negotiations but be prepared to get involved when only contact between principals can resolve disputed points.

Try and shape a deal which is a win/win position for the buyer and yourself.

In selling the positive aspects of the business, do not oversell. It is always helpful to have some good news held in reserve.

Whether at the negotiation stage or later stage of the process, only describe real deal breakers as deal breakers - to avoid being seen as "crying wolf".

Disclose everything of importance early to avoid unexpected surprises during the due diligence process.

Have a fall back deal structure in mind to achieve your personal goals should the existing proposed structure start to unravel.

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

Work hard to make the disclosure process as comprehensive as possible as early as possible but always observe the requirement for confidentiality on key commercially sensitive areas.

Allow your advisors to assist in the management of the due diligence process wherever possible.

Do not consider the deal done until it is done and maintain the strength of character to pull away from the deal if it feels wrong. Always place the final terms of the deal within the initial objectives that you appraised.

Remain calm and controlled throughout the process – unless strategy requires otherwise!

Call **01603 703177**
for further information

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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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