

# PRACTICAL TIPS FOR A SUCCESSFUL MBO



# 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 a successful MBO. We thought it would be helpful to summarise some of them here.

At the earliest possible stage obtain accessible and clear advice as to the nature of the whole MBO process and what it involves.

Go into the process with your eyes wide open, understanding the size of the challenge, the commitment involved and the potential change in your business and personal life as a result of the process.

There are a number of helpful guides available from people who have been there before. Ask your advisors for details of the best published sources available.

Identify the contribution to costs that you might obtain from the vendor at an early stage.

Make sure the buy-out team is right. Be hard where you have to in identifying absent or weak links in the chain. If you do not identify this at an early stage, your financial backers probably will.

Prepare a thorough business plan and financial projections and when pricing the deal ensure you remain focused on what the business can actually achieve.

Limit your risk through an appropriate deal structure wherever possible. Your advisors should be able to explain what can be achieved through tailoring a deal structure. Ask them the question at an early stage.

Take early advice in relation to appropriate tax planning for the deal.

When due diligence is carried out either for your financial backers or for you, be prepared to listen and learn. Be open minded about whether there are some hard but unpalatable truths emerging or whether there are opportunities that you had not identified.

Appraise all of the key attributes of the business and its potential for the future in a dispassionate and objective way. Your objective is to exit the buy-out having made some money. You should appraise this from the same perspective as your investors. If you do not know the basis on which your backers have carried out their appraisal, ask for your advisors' assistance.

Form a plan for the discipline of effective board management post-deal. In particular, ensure that appropriate reporting feedback procedures for institutional investors are in place.

Retain honesty with one another as a team in preparing and executing your plan. Try to avoid political or personal agendas disrupting the process and communicate at all times.

Call **01603 703177**  
for further information

## CONTACT DETAILS

JDC Corporate Finance operates from fully equipped modern offices in Norwich with further office facilities in London.

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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](http://www.jdccorporatefinance.co.uk) or

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