



Selling a business

Helping to ensure your
business is fit for
market

Business disposals and exit planning

You have come to the decision to consider selling your business or plan your exit strategy. Whatever the conclusion is that you have come to, we appreciate how emotionally draining it may have been. You spend a lifetime building a successful business, letting it go can be a very difficult decision.

Our team of corporate finance specialists can advise on preparing your business for sale to maximise price and assess its value in preparation for sale or exit.

We want to take the work and pressure that comes with selling or exiting a business away from you so that you can concentrate on running your business as normal during the sale process.

Our in-house specialists cover corporate tax, personal tax, pensions, investments, wealth management, human resources and financial services, allowing us to cover all financial stages and aspects of the sale process.

+ We will help to:

- + Research national databases. Evaluate and prioritise potential buyers
- + Using the UK200Group to contact member firms in the UK and internationally
- + Discuss the potential for family succession. Is selling to the existing management an option?
- + Prepare a detailed Sale Memorandum combining financial, commercial and qualitative information
- + Arrange a selective and targeted distribution of information to potential buyers
- + Meet with selected groups of potential buyers
- + Review and discuss with you offers received, including any terms and conditions attached
- + Negotiate terms and the structure of the deal to best achieve your objectives
- + Assist in selecting a preferred bidder
- + Manage the financial and taxation due diligence process
- + Recommend solicitors who will carry out the legal process in a timely and efficient manner
- + Work with your solicitors in finalising the sale and purchase agreement particularly ensuring sufficient warranties and indemnities are in place to protect your investment
- + Maintain momentum to complete the deal

More than just Corporate finance

We can offer many more services to our clients depending on their circumstances and needs. Every client has their own very specific needs and our services are highly personal and tailored around these requirements.

Our dedicated team offers an extensive range of corporate finance services and skills including:

- + Business mergers and acquisitions
- + Financial due diligence
- + Business disposals and grooming
- + Management buy-outs
- + Management buy-ins
- + Share and business valuations
- + Raising finance
- + Tax and commercial restructuring
- + Strategic advice and growth
- + Management consultancy
- + Profitability and performance analysis
- + Financial planning
- + Succession planning
- + Advice on utilising/reinvesting the proceeds of sale*

+ What can we do that a sales agent cannot?

A sales agent can offer you a good service for part of the process, but what they won't do is be with you every step of the way. From start to finish and beyond, we will be with you, step-by-step formalising a deal structure, negotiating the terms of the deal, managing the financial and tax due diligence, helping you with choosing legal partners, giving you options to consider with regards to investing your sale proceeds and much more.

This will be an emotionally challenging time, you have probably built your business from the ground up, invested a lot of blood, sweat and tears into making it the success it is today. With us it's personal, we are on this part of the journey with you from start to finish. Now its time for us to step-up and give you the expert advice and support you need to complete this part of your businesses lifecycle.

* Forrester Boyd Wealth Management will deliver in any investment discussions you may have.

Selling your business

The structured sales process follows a typical pattern involving the following steps:

- 1** Preparation of a detailed sale memorandum.
- 2** Preparation of a confidential opportunity document (1-2 page executive summary of information memorandum) for general circulation to prospective purchasers.
- 3** Identification of potential acquirers.
- 4** Issue of opportunity document to potential acquirers.
- 5** Enter into confidentiality agreements with interested parties.
- 6** Release sale memorandum to interested parties and invite responses and indicative offers.
- 7** Arrange and hold preliminary meetings with selected potential acquirers.
- 8** Consider structure of sale transaction considering both personal and business tax issues.
- 9** Receive revised offers from potential acquirers.
- 10** Select preferred bidder and issue rejection letters to un-favoured bidders.
- 11** Hold further talks with preferred bidder.
- 12** Draw up the heads of terms.
- 13** Allow bidder access to company information and records to perform their own investigative work (due diligence). At this stage be prepared to deal with attempts to change the terms of an offer.
- 14** Appoint solicitor to prepare legal documentation (sale purchase agreement).
- 15** Continue negotiations with bidder on many issues, such as warranties and indemnities you give, your future role in the business etc.
- 16** Legal documentation to be drawn up to a final draft stage.
- 17** Employee consultation takes place (TUPE requirements etc.)
- 18** Hold completion meeting at which ownership changes.
- 19** Deal with post completion issues – e.g. notify customers, suppliers, implement any changes, prepare completion accounts.

+ Timescale

The timescale for the above can take several months and a realistic timescale for a sale to be completed is 6 - 24 months from the process commencing.

Forrester Boyd Corporate Finance will take you through each of the above steps, where appropriate with the assistance of your legal advisers. We are with you from the beginning right through to the end of the sale process.

Identification of potential acquirers

- + The initial stages of the sale process would involve careful scrutiny of potential acquirers to identify a shortlist of those considered to be a good fit with your objectives and price expectations.

Corporate databases

Our main tool to identify potential acquirers is by using our comprehensive databases. Our corporate databases of all UK and overseas companies allows us to identify potential acquirers, in the UK, Europe and Worldwide, and screen them by many different criteria including activities, turnover, level of asset backing, profitability, amount of cash resources, and geographic location.

UK200 Group Network Association

Forrester Boyd Corporate Finance is a member of the UK200 Group, a national alliance of independent accountancy and law firms. With over 140 member firms, we have access to corporate finance colleagues with whom we can share this opportunity, who will pass onto any suitable clients.

In addition the UK200 Group operates a business opportunities register, providing details of many businesses for sale, and we will add your business onto this register. www.uk200group.co.uk

+ Valuation

The price obtained for a business or company can vary enormously according to many factors, including prevailing industry and economic conditions, buyer attitudes, location, competition, bidding in the lead up to preferred bidder status, attractiveness and features of the selling business, strength of management, relative negotiating position etc.

A valuation of a business is not always based on a multiple of profits. Premiums are often paid by strategic buyers who are keen to move into a particular industry/sector, or to be able to offer customers a more complete service, or to form a link with a new customer, or to move into a particular geographical location.

Sale Memorandum

The sale memorandum is a document providing detailed information about the business or company and it is normal for this document to cover the following aspects of the business:

- + Business description, history, development and current ownership.
- + Products and services offered, including any intellectual property rights or commercial advantages held.
- + Market / industry overview, barriers to entry, competitors, where the business fits in and the position it expects to grow to.
- + Overview of premises / facilities.
- + Key customer and suppliers, and any special trade relationships.
- + Management team structure and workforce overview.
- + Emphasis on other key aspects of the business, such as training, accreditations, in house competencies and skills, special licences etc.
- + Financial material, including historic results summary, trends, projected results.
- + Reasons for selling.

+ Opportunity Document

The opportunity document is a confidential one or two page executive summary of the sale memorandum. This document is sent out confidentially to the identified potential acquirers and provides enough basic information for them to consider whether they would be interested in the proposal.

Issues to remember

The sale process could take up considerable management time but it is obviously important that the business continues to operate and be managed as before the sale process commenced.

It is important that all owners / shareholders are agreed on a “walk-away” price – i.e. that price at which you are prepared to turn away an offer in the knowledge that the buyer may not come back.

An acquirer may request that the working owners / directors of the company remain with the business for a set period after completion for a smooth handover. Although not always the case you each should consider whether you are prepared to do this.

A good corporate lawyer is vital for the legal process to run smoothly. We have a good range of contacts and will be happy to recommend someone if you do not have your own contacts.

However, we would urge you in the strongest terms to use an experienced lawyer in this field, as many transactions that have used legal advisers not experienced in corporate transactions have suffered from unexpected difficulties and delays.

Decide how the due diligence process is to be managed (at the business premises or via an off-site data room).

Eliminate from the business any potential stumbling blocks in the sale process.

Choose an adviser who will keep the sale process on track.





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