



SELLING A BUSINESS GUIDE

A CHECKLIST

EVERYONE WHO RUNS THEIR OWN BUSINESS EVENTUALLY REACHES THE POINT WHERE THE TIME IS RIPE FOR A CHANGE. HERE ARE JUST SOME OF THE REASONS:

- I've decided to do something completely different because this business no longer provides me with a challenge
- I've decided to get out of this business because I don't see future growth as being easily achievable
- I want to move to another area
- My financial position forces the sale
- Personal reasons mean that I no longer have the time to manage the business effectively
- I've spotted another opportunity that requires this capital
- I've reached the stage of life where this doesn't hold the same interest as it used to
- I've increased the profitability of my business and I now want to make a profit upon its sale
- I want to buy a bigger/smaller business
- I've worked hard and now I want a quieter life

WHATEVER YOUR REASONS FOR WISHING TO ENTER THE MARKET TO SELL, YOU WILL NEED THE ANSWERS TO THESE CHECKLIST QUESTIONS

I. HOW MUCH IS MY BUSINESS WORTH?

This will depend upon many different factors including:

- The location of the business
- The condition of the premises
- The value of the freehold or lease
- The extent and condition of the trading equipment
- The profitability of the business
- The demand for the type of business
- The availability and cost of finance

A good Business Agent is in close touch with potential purchasers and the market. He will be in a position to help you value your business. Your accountant's advice will also be of benefit.

2. WHAT DO I LOOK FOR IN CHOOSING A BUSINESS TRANSFER AGENT?

In order to ensure that you get a satisfactory and objective valuation, together with an effective sales service, it is essential to choose your Business Transfer Agent with care.

These are some of the key points to bear in mind:

- How long have they been established?
- Are they totally independent?
- Do they have experienced and competent personnel at all levels?
- Do they provide a national network of offices?
- Do they ask prospective buyers relevant financial questions to ensure that the funds are available to buy the business
- Can they introduce good sources of finance?
- Have they got the expertise to value businesses and stock?
- Have they got a successful track record in selling your type of business?
- Do they advertise extensively on a national basis?
- In the relevant trade magazines and do they have a web-site facility

3. WHAT SHOULD I EXPECT FROM MY BUSINESS AGENT?

A good Business Agent should be in a position to:

- Value the business and property
- Draw up a prospectus
- Advertise your business nationally and locally as appropriate
- Handle enquiries and assess their quality
- Send full details
- Arrange appointments to view
- Brief you on the prospective buyer
- Follow-up after the visit to establish the level of interest and provide further information where required
- Maintain regular contact right through to completion of the sale
- Assist the purchaser with finance (if required)

4. WHAT CAN I DO TO SPEED UP THE SALE OF MY BUSINESS?

- Ensure that all the accounts relating to the business are up-to-date
- Ensure that copies of the terms of your lease are available
- Ensure that your business is presented in its most favourable light
- If stock valuation is going to be necessary, it may simplify matters if you do your own stock-take first to give yourself a value to compare against the stock valuer's assessment

5. ARE THERE ANY KEY POINTS THAT I SHOULD BE AWARE OF IN DEALING WITH PROSPECTIVE BUYERS?

When you have an appointment with a prospective buyer to view your business;

- If you want to keep this matter confidential, be sure to make the prospective buyer aware of the fact
- Make sure to attend the appointment personally. The prospective buyer will want to make an assessment of both the business and its current owner
- Allocate sufficient time to allow the prospective buyer to view at their own pace
- Allow for the fact that you may have to discuss the business in layman's terms
- Communicate the outcome of the appointment to your Agents. This will enable them to follow-up efficiently on your behalf.

6. WHAT SHOULD I DO WHEN SOMEONE DISPLAYS A SERIOUS INTEREST?

- Advise your Agents immediately so that they can keep in touch with the prospective purchaser
- A good Agent will run a second check to ensure as far as possible that the prospective buyer's financial position has not changed
- Agree as to how the stock-taking, legal and professional costs are to be split
- Negotiate the terms of a phased take-over (if required)
- Establish a time-table for transfer and completion
- Formally complete the contract to purchase

7. WHAT IF MY INTENTION IS TO BUY ANOTHER BUSINESS WITH THE PROFITS FROM THE SALE?

Timing is crucial from both a financial and a continuity of trading view point. A good Business Agent will work with you to try to ensure that you do not lose either your prospective purchaser or the business you wish to purchase. Your accountant will advise you on the tax implications of your plans.

8. WHAT IF PROBLEMS ARISE?

Whilst many transactions run smoothly, problems can and do arise. The secret is not to panic - just contact your Business Transfer Agent. A long established Business Agent will have seen most problems before and will be able to advise how to overcome them.

9. I STILL HAVE SOME QUESTIONS. HOW CAN I GET THEM ANSWERED?

Don't hesitate to telephone your nearest Everett Masson & Furby office.

As one of Britain's largest network of Business Agents, we are able to offer:

- Over 40 years of experience
- A fine reputation that is second to none
- Highly knowledgeable and competent personnel
- Totally independent and confidential advice
- A professional but friendly approach

For further information contact your local EM&F office