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Are you ready to
sell your business?



Making the decision to sell your business is not an easy one. You need to prepare the business for sale while continuing to lead and manage at the same time. There are hard decisions to make, many of which are likely to take an emotional toll.

“ The emotional and time requirements of a sale process should not be underestimated by an entrepreneur and should be considered when looking to exit. When it comes to preparing the business for sale the groundwork can begin years in advance and, even with advisors, the sale process itself often takes six months or more. We find most of our clients find the period between when the terms have been agreed and when the deal closes the most challenging.

Andy Hodgetts, Head of Lead Advisory Corporate Finance, Buzzacott LLP

However, if the time is right, the buyer is right and the price is right, and you have the right support in place, selling your business can be one of the most rewarding decisions you make.

“ The opportunity to create value is important – not just for yourself but also for your team. Most of my team have had share options in the business, and I’m delighted that, after seven years of hard work on the journey with me, they have the potential to walk away with a share of the financial benefit that they have helped create.

Ed Bussey, serial entrepreneur

Find out if you are ready ► [Take our quiz today](#)



Know your reason for selling

What drove you to set up your business in the first place? Was it that you found a gap in the market that only you could fill? Perhaps you wanted to be your own boss and set your own rules, or maybe you inherited a family business. Whatever it was that drove this decision, your reason for selling needs to be clear, as it will be what drives you through this next transition.

It may be that you have reached the point where you are no longer enjoying the role and have other passions you wish to pursue. Perhaps you are approaching retirement and want to take some value out of the business. You may have a partner who wishes to sell, or been approached by a potential buyer.

“ I think it's important to understand where you're trying to get to and when to get off. For me, it's always been when I become the limiting factor for the business and I'm starting to hold it back. To do this, you need to look two or three years ahead, realise when you're starting to run out of ideas, energy or whatever it might be, and be very true to yourself in recognising where that is.

Lee Mowle, serial entrepreneur

In [Unfolding the Key to Success](#), our business exits report, we found that:

48% finding a suitable successor was the most influential factor in prompting entrepreneurs to exit

34% reached a certain age | **21%** no longer enjoying the role in the business

Furthermore, only **22%** of entrepreneurs were completely happy with how their sale went, citing they would have had a better strategy for finding the right buyer, would have waited longer for a better valuation price or would have sold earlier.

Be clear on your reason for selling as this will help you identify your non-negotiables and focus your attention when sometimes making tough decisions.





Preparing your business for sale

Never has your business had to look so good. Remember the early days of making your business attractive to investors? The effort needed to make your company attractive to a new buyer is on an even greater scale. And with the process taking anything up to a couple of years, you need to be prepared for the physical and emotional toll too.

“ You’d be amazed how often clients and prospective clients come into our offices and they’re out by a factor of 50% as to the theoretical value of their business.

Jim Keeling, Chairman and Chief Executive, Corbett Keeling

Key considerations when preparing your business for sale

Get the right team around you

We can’t plan for them all, but it’s important to think about the implications of major events and how to prepare for them. What if I get divorced, what if we decide to move, what if my family grows, what if I am ill, what if I receive an inheritance, what if the market crashes? It’s always worth considering how you’ll be impacted by unexpected or life changing events and how best to protect those you love.

“ When you start to talk about the black and white terms of different exit offers with stakeholders, you realise that you’re not all necessarily on the same page. You need an experienced and independent broker or chairman to intermediate the conflicting requirements that can emerge. Ideally, you’d also have someone who’s been through the process in your sector multiple times before, bringing their direct experience and scars to the table too.

Ed Bussey, serial entrepreneur

Up-to-date records

It is essential to ensure your financial, HR, customer, and legal records and forecasts are up-to-date. Three years of audited financial are ideal.

“ We aim to prove the strength of our clients to acquirers and having clear financials and KPIs, such as customer or employee retention rates, over a three year period is key to supporting our presentation. As soon as a deal is agreed our role is to deliver this deal for our clients and often relatively minor compliance issues, such as tax filings, can blow up into larger issues in a transaction, so it is worth the time and effort of maintaining strong compliance ahead of an exit.

Andy Hodgetts, Head of Lead Advisory, Corporate Finance, Buzzacott LLP

When and how to tell your employees

Our research shows that:

48% of post-exit entrepreneurs say that securing employees' welfare became their top priority when preparing for sale.

You might be tempted to confide in your employees, letting your teams know your intentions to sell, but for most entrepreneurs, announcing the sale is best once the deal is signed. Any change will bring uncertainty, and by announcing intentions you may cause undue concern within your workforce, resulting in key people leaving the business, which may impact your sale.

“ We also knew that the [buyer's] culture was a very good fit with ours, that the people we employed and brought on were going to have a safe home, they were going to have opportunities to move within a large corporation – so for us, it was the best buyer we possibly could have had for everybody.

Lynne Hill, former CEO, Linnaeus Group

When the ink is dry and you are ready to tell your team, be clear and honest. These are the people who have developed your business, made it successful and made it attractive to your buyer. Celebrate key successes, milestones, and present the vision the buyer has for the future of the business. Explain your reasons for stepping back and how – if at all – you will remain connected.

Think like a buyer

You are likely used to presenting your business in its best possible light; however this is not how buyers will view your business. Buyers will focus on the future profitability of your organisation.

Key considerations include:

- **Customer and supplier base:** How well established are these? Do they generate value? Do you have diversity within your income streams?
- **Financial performance and forecasts:** Has your business performed as expected? Are there anomalies you need to explain? What are your forecasts based on?
- **Top team:** Many buyers will be attracted to an established management team who work well together. A team of leaders who understand and champion the culture within the company, with defined management responsibilities and accountability, may enhance the value of the company to your buyer.

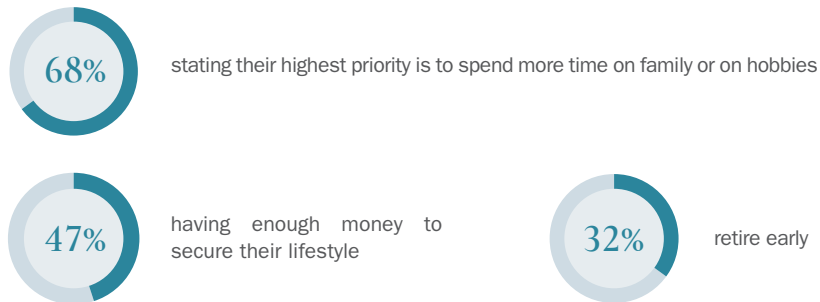
“ A key consideration of selling your business is to have the widest possible range of buyers in the competitive bid process; trade, financial, domestic and overseas. Our goal is to deliver for every client the maximum cash, the best chemistry with the buyer and the greatest certainty the deal will happen.

Jim Keeling, Chairman and Chief Executive, Corbett Keeling

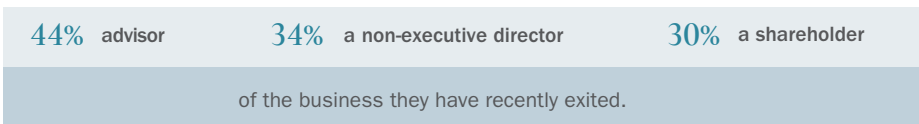
Preparing yourself for life beyond sale

Perhaps the most exciting element of selling your business is what happens next. There may be decisions to make about your future in the business, but more widely than that, there are decisions about how – and with whom – you want to fill your days.

For many entrepreneurs, exit marks a shift change in their day-to-day activities, with:



However, many entrepreneurs find it impossible to let go completely with many remaining as an:



Furthermore, entrepreneurs often find themselves in high demand and support other business in the form of **active management 47%, business mentor 44%, angel investor 30%.**

Whether you are looking to hang up the metaphorical suit for good, or simply redirect your energies to another business, it is important to have some short, medium and longer-term plans in place. While the immediate after effect of a sale can be exhilarating, waking on the Monday morning afterwards can take an emotional toll if you do not have a plan.

When it comes to your personal finances, it is important to consider how you are planning to exit. For some, it is easier to cut the cord immediately, while others will consider a partial exit, or may prefer to remain on an earn-out basis.

You might find yourself cash rich for the first time, and [sudden wealth](#) can be overwhelming.

With the right support around you, you can identify goals for the future and structure your finances to align with those goals.

Key considerations include:

- 1 Your tax position before and post-sale. The earlier you engage professional advisers, the more options you have.
- 2 Income and growth expectations.
- 3 Protecting those important to you; this can be particularly relevant if you are leaving a business you founded, as benefits may be linked to the business.
- 4 Update your will. It is important to review your will and accompanying letter of wishes when life changes.

Whatever your ambitions for life beyond sale, having a plan gives you more control over your future.

Next steps:

If you are thinking about selling your business within the next three years and would like to understand how we can help you navigate the many considerations, conversations and concerns, please get in touch. **[Book an appointment with our Entrepreneurs team today.](#)**



For business. For family. For life.

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