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Key things to know when preparing your business for sale

Thinking of selling your business? Whether you're retiring, have fallen out with your business partner or just want to cash in on the fruits of your labour, you must be clear why you're selling. Here are some key steps to take to prepare for sale and attract the best buyer.



Get a valuation

To understand the value of your business and its profitability contact accountancy or investment banking firms, (depending on your size) or appoint a broker or corporate finance advisor to free up your time.

Get your team ready

Appoint legal and financial advisers to help gather information for the buyer and draft the sale documents. You'll need to decide if it's a share sale (buyer takes everything) or an asset sale (buyer can pick what they want) as the tax implications will vary.

Talk to your management team and staff

You may need their help to gather information but do you want to make a full announcement yet? Transactions can sometimes fail to complete and the news of a potential sale can unsettle staff so it's wise to pick your moment carefully. Will senior staff enter into new employment contracts? If it's an asset sale your staff will generally automatically transfer with the business (TUPE). Are there to be any redundancies or changes? If so, you will need to factor in a consultation process.

Gather your paperwork

A buyer will carry out a review ("due diligence"). This will include looking at; your company books and annual returns (share sale,) balance sheet and cash flow statements, a list of assets and equipment, details of finance, loan or hire purchase agreements, supplier and customer contracts, business rates and utilities, list of employees and employment contracts, intellectual property and IT agreements, insurance policies, complaints, disputes and litigation.

Keep track of key issues

You'll be making legally binding promises to the buyer about your company/business in the sale agreement, be honest and thorough.

Conduct an internal review

Buyers will be attracted by a business which is "neat and tidy" and has been prudently run. In fact, some buyers will use disorderly processes and paperwork as a reason to price chip so think about how you can make the business more attractive.

Selling your business can be stressful and time consuming, even with the promise of a pot of gold at the end! Be organised and involved and make sure you have a good team of advisors around you - but don't take your eye off the ball either.

If you have any questions or would like to speak to someone from our corporate law team, please email Tilly.Clarke@outsetuk.com
