The ultimate exit guide

Six steps to sell your business

SHAW & CO

Why you need this guide

Selling your company is likely to be the biggest business transaction of your life, as well as one of the most significant for you and your family. But we understand that for owner managers there's never enough time in the day so, despite its importance, thinking about your eventual business exit can easily get pushed back – and back.

That's why we've produced this guide, so that you can better understand what lies ahead of you and, when you start to give your exit more attention, you'll be able to access everything you need quickly and coherently.

The theory is simple. The bigger and more successful your business, the more a buyer will pay you for it, and the more buyers you will have to choose from. But that doesn't mean you can just keep on doing what you're doing and the rest will fall into place. The reality is more complicated and can require years of careful planning and strategic thinking.

We've supported owner managers at every stage of the journey and have separated the guide into chapters accordingly, so that you can dip in and out where the content is most relevant to your individual situation. You'll also find real life examples of how we've helped owner managers to plan and achieve a successful exit.

A final word. Even if you aren't yet thinking of selling your business, keep hold of this guide because one day it may well come in handy – in fact we hope it could contain some of the most valuable information and advice that you will ever read.

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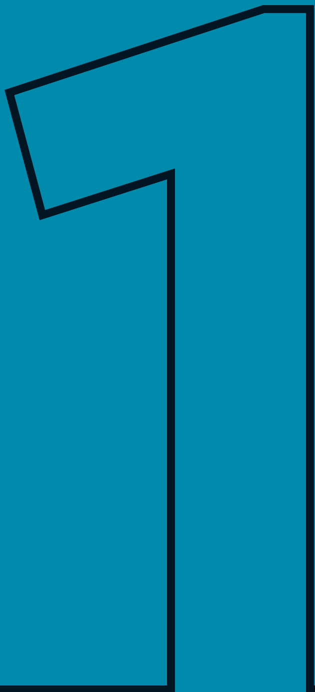
All about you

We're starting here because this journey begins and ends with you: your business, your decision to sell and your choice how to go about it.



Setting your magic number

Calculate the minimum net return that will deliver total financial freedom for you and your family. Something worth working for.

At Shaw & Co we work with owner managers because we like dealing with people as well as finance and prefer engaging with the individuals who built their company. As part of that philosophy we think it's vital that the ultimate exit goal is yours. So, the first question we ask when beginning to plan an exit is a personal one, 'What is your motivation for being in business and what do you want to achieve through selling?' For most, the answer is to make a big change to the pace of their lives while at the same time being able to pay all the bills, look after their family and provide the sort of lifestyle they want in perpetuity, worry free. Therefore, our very first stage of exit planning is to get you working on thinking that through and setting a minimum target figure – the magic number.

By that we mean what capital sum would you need to do everything you want in life, post exit – from bills to bucket lists. Of course, we aim to maximise your sale price, not just reach a minimum figure, but you would be surprised how powerful knowing your magic number and what it represents can be.

It's entirely up to you, many like to work this out themselves, but we prefer to work with well-respected and fully accredited independent financial planners who have helped many successful owner managers with this crucial task. The gap between what many of our clients thought was the magic number and what was settled on after professional advice is often very wide – sometimes higher, sometimes lower – highlighting the importance of this exercise. This planning process also starts a very important relationship by introducing you to the trusted advisers who may also help you to manage the funds from your sale.

Full v partial sale

While a full sale is the most common transaction for those looking to exit, there are certain situations where you can have your cake and eat it – that is, realise cash by selling a proportion of your company to get that magic number securely in the bank, but continue to work in and own a minority or majority of your business. Often this involves private equity, but some trade deals can be structured in this manner as well. Alternatively, you may be planning a management buyout supported either by debt alone or private equity. Each type of sale demands slightly different strategies and, while we will focus primarily on trade sales here, Shaw & Co has the knowledge and experience to help you prepare for and support all types of exit.

Making the decision to sell

Moving on from your business can be a challenging process.

Owner managers have often sacrificed years of their life and invested tireless energy to get to the point where a business is saleable. There is an emotional attachment for many to something created through their hard work, determination and, no doubt, with many sacrifices along the way. The right time to consider selling your business is when it seems to be flying along, working largely without you and with exciting prospects on the horizon. Selling on the up is very much the aim of the game.

But at this stage the easy decision is often to hold. The business is paying you well, pressures on your time are reducing so carrying on as you are makes sense. This, however, is the 'danger zone' where many owner managers miss their best opportunity to sell. Why go through the hassle of selling if you don't need to? Especially as making the positive choice to sell requires that you take your business and yourself into the unknown. This is where our experience is often invaluable. Knowing what lies ahead and preparing fully for it is the key to success. This is why we like to start our client journey as soon as the decision to sell has been made.

To help you finalise your decision on whether to sell or hold we come back to you, the magic number and your appetite for risk.

Understanding your risk appetite

Risk is a fact of life for every owner manager and exiting can be the best way to manage it.

Starting out on your journey as an entrepreneur requires acceptance of a level of risk that most of the population would pay good money to avoid! Being perpetually unsure of where the next mortgage payment will come from or if your tax bill can be met or if you can afford the holiday that your family are planning is commonplace when building a business.

But when it comes to the point that your business stabilises and cash flow is predictable, owner managers' risk appetite can swing rapidly in the opposite direction. This isn't a surprise when the shares they hold in the business can often represent 95% plus of their total wealth. Keeping it, not making it, can become the priority.

The right time to sell your business is when it's flying along, working largely without you and with exciting prospects ahead.

Taking a conservative approach to internal decision making, thereby restricting the risk appetite of the business can, ironically, present further risks in itself. This change in attitude can come to stifle the potential of the business and its other stakeholders, especially employees. As one of our clients, Jason Baker, CEO and Founder of Bristol-based IT recruitment business People Source came to realise:

"When the business started generating £1m then £2m plus EBITDA my focus changed from driving growth to protecting what I had created. I had an extremely talented and ambitious team around me and I came to realise that I was becoming the handbrake. Once this dawned, it was obvious that it was time to sell on the business to a buyer with a greater appetite for growth than mine." (Shaw & Co advised Jason on the sale of People Source to global recruitment giant Manpower).

Even if your ambition for growth remains fully intact, a sensible step back and a look at your asset allocation will tell you that your portfolio is probably heavily skewed towards your business. It will likely remain a volatile asset against which a hedging strategy may be impossible, without first liquidating a material proportion of the investment. The only true way to manage over-exposure to a single business is to divest some or all of your interest in it. A partial sale, where you can 'secure base camp' before pushing on again or taking on a new challenge, can be a very attractive option.

So, while thinking about your magic number, you also need to factor in many other considerations: the value of the dividend annuity that your business provides, your personal motivations, your impact on the business and the financial risk you are willing to take. These all need to be considered before deciding whether to sell, hold or – as we described earlier in this section – somewhere in between.

Money may not be the only factor

If your business is driven by non-financial goals, you need to plan carefully to preserve them after sale.

Many businesses are founded with strong values, a mission to make a particular impact in the world or ties to a local community. Selling the business may have more to do with achieving that mission than the financial considerations of the shareholders. However, the principles set out in this guide will still apply even though the motivation differs.

Case study: Pukka Herbs

Sebastian Pole and Tim Westwell founded organic herbal tea and supplement company Pukka Herbs and grew the company to turn over £26m. They knew a multinational buyer could give their brand the truly global future they wanted and would pay a hefty price to do so. But they were clear that the new owner had to maintain their commitment to organic products and fair trade. The deal we helped broker with Unilever guaranteed that.

To maximise growth on their route towards exit, we helped the founders to formulate the business plan which became both their road map for expansion and a key part of their selling documentation.

Key points

Understand what it takes to successfully exit your business (it rarely just happens).

Set your magic number and think through all the implications for you, your family and business.

Make up your mind and get started – it's a marathon not a sprint.

Setting your strategy

You've made the decision to sell and set your magic number; now it's time to create a clear road map.

Making your plan

Having carefully selected your magic number, the next step is to set in place a strategy to get you there, typically over a one to five-year period.

In other words, a clear plan of what your business needs to achieve in terms of: turnover, market share, profit, IP development, people, infrastructure and positioning to deliver the desired sale value at the required time.

This means developing an understanding of business valuation and the key metrics used by buyers in your sector. Applying these metrics to your business today will give you a good idea of the gap between the value of your shareholding and your magic number. Be warned though, actually selling your business requires a lot more than just the application of metrics. A buyer will be looking for other key attributes before they are willing to make a move. More on those later.

Understanding valuation

The start of your journey involves gaining a solid understanding of business valuation.

If you set about understanding business valuation theory using resources available to you on the internet you will quickly find yourself trying to understand 'present value cash flows' and 'weighted average cost of capital' as well as other abstract areas of the capital asset pricing model. The good news is that for a sale of a private business, most of this is largely irrelevant because they are bought and sold on a multiple of earnings that is based on comparable transactions. These are, in theory, valued using the capital asset pricing model, although adjustments need to be made for scale, liquidity and general market conditions. Such comparable transactions provide comfort to buyer and seller that an asset with similar characteristics was sold on a similar metric.

This market analysis seeks to offer a range of multiples that can be applied to the EBIT (Earnings Before Interest and Tax) or EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of your business. The correct earnings number to choose depends on whichever is the closest approximation to cash.

In addition, adjustments are made to account for excess cash balances (add to value) or debt (deduct from value) and normalised working capital. These are areas you should not overlook as they can contribute, or detract, materially from the net amount you receive when selling your business.

Valuing your business is an area in which taking expert advice is essential. In particular, understanding what impacts the possible range of multiples for your business and what would constitute a sensible planning multiple and an aspirational multiple for your exit. This is one of the very first exercises that we undertake with our clients and one which frames the entire conversation thereafter.

Where you are today

Establish your starting position by valuing your current business interest.

Having gained your understanding of valuation it is now possible for you to calculate the distribution of today's value through your shareholder register. Looking at your holding alone, how does this compare to your magic number, net of tax?

You will also need to consider any dilution of your shareholding that might result from taking on new capital to achieve your growth ambitions, or equity that is placed in the hands of your management team to incentivise and reward them. More on this later in the guide, but it is important to note that both the value of the business and your interest in it will need to be revisited along the exit journey.

Whether you have some way to go to your magic number or it is met or exceeded by current earnings, the journey from here to realisation has many similarities. Whilst a journey to realise an investment exceeding your target may be shorter than one that requires several years of further growth, there is still plenty to do to ensure that your business is saleable. A commonly stated 'statistic' is that seven out of 10 businesses brought to market do not sell. Whilst we are unable to verify this, we do see many businesses that are brought to market and do not sell. These are not attractive to buyers, regardless of theoretical valuation and therefore the business asset is illiquid, or as good as worthless. A very sad place to end up after years of hard work.

Benchmarking

One of the most powerful and insightful exercises that your business can carry out.

Understanding which characteristics will drive buyers to pay higher valuations is key to unlocking value from your business. Simply put, no doubt you would rather be rewarded 8x for every pound of profit than 5x? This sort of range is not uncommon within a sector, yet it means that one business can be sold for 60% more than another despite the same earnings.

Areas to investigate include: competitive positioning; product/service comparisons; pricing strategy; business processes including IT, HR and operations; and financial performance.

Understanding what the normal ratios and best practices look like for your market can enable you and your management team to consider new and better ways to do business. When a buyer looks at your business to decide if it is a worthwhile investment and what to pay, they are going to do this in the context of this information. Better to know in advance what you are being measured against.

You can find a lot of information online in industry forums and by asking peers. However, a great way to gain an insight is to engage a consultant experienced in the industry who will be able to tell you, on an anonymised basis, what they have seen from the inside of similar businesses.

As for financial metrics, the UK has one of the most onerous company information disclosure standards in the world, and you can use this to your advantage. Identify a group of 10–20 competitors from large listed entities through to ones of similar scale for which you can get full accounts. Work out what average and optimum looks like for: year on year turnover growth, gross margin, gross margin to EBITDA conversion and any other key metrics such as turnover per head or user numbers.

Start to manage your business to these metrics or better. Or, where this is not possible, prepare a strong reason why a certain metric is not applicable to you or why your business benefits from operating outside the norm.

Unlike some corporate finance teams, we don't provide you with long, computer generated lists of potential buyers, we work with you to identify and target the right buyers and help you plan accordingly.

Think like a buyer

Having spent most of your business life putting yourself in your customers' shoes, now it's time to enter the buyer mindset.

You've spent your business life understanding your customers' needs and designing the products and services they want, but the challenge now is to shape your business so that it meets a potential buyer's requirements. What are your key features and benefits? What will your buyer value most about your business?

To answer this question, you need to identify your likely buyers. Unlike some corporate finance teams, we don't provide you with long, computer generated lists of potential buyers, we'll work with you to identify potential buyers and help you plan accordingly.

Never forget, buyers are taking a risk. Organic growth is often a safer and more reliable option compared to buying. So, the more value they see and the more comfortable they feel, the more likely they are to make a deal. In fact, that's why you probably already know your eventual buyer and they are aware of you.

But you'll still need to make an effort. Growing your business will add value, while getting every detail of your accounts in order will provide greater comfort. And raising your profile through industry awards and PR will help reinforce the message that you are worth the investment. There's also the chance that it will attract more competition, which is always good.

Case study: People Source

We helped Jason Baker to sell his Bristol-based IT recruitment firm People Source to global giant Manpower in a deal that sees him continue to successfully lead the business.

For several years prior to the sale, we worked closely with Jason and the management team to make certain People Source was in the best shape possible for the transaction. We also helped to design reward and incentive schemes that made sure staff were motivated to deliver growth and benefit from the sale.

Key points

Understand business valuation, supported by your adviser.

Benchmark your business against competitors and fully assess the factors that influence valuation.

Start thinking like a buyer.

Growing from A to B

To put your strategy into action you need the right tools and tactics.

The right team to deliver

It's your goal, but you won't get there on your own.

One of the first steps is to share your objective with your senior management team because they will play a crucial role in helping you reach it. But achieving it will also ask a lot of them. Now is the time for a critical assessment of your team to identify any gaps that need filling. Attracting new talent and keeping existing management on board in the period to exit is critical, so incentivising them in a way that supports your exit plan is key.

In most cases, some form of equity share is the best solution, but it is important to make sure that any equity incentive plan is structured not only to motivate your key people but also to avoid any additional liabilities or reduce the attractiveness of your company to a buyer. Remember simple is key in this area. An overly complex scheme will be a challenge for a buyer to unpick.

Option schemes are a popular choice. But it is important to make sure that employees are clear on the rewards and understand that they will only attain them by achieving clear targets. It is all too easy for owner managers to get caught up in the technical aspects and tax efficiency of these schemes yet lose sight of their ability to support the desired outcome: a successful exit. Our expertise in this means we can help you make sure that individual incentives and overall business objectives are both well aligned and tax efficient.

Now is the time for a critical assessment of your team to identify any gaps that need filling. Attracting new talent and keeping existing management on board in the period to exit is critical, so incentivising them is key.

Enterprise Management Incentives (EMI)

EMI option schemes are a popular way for owner managers to reward key employees – but they need to be set up properly.

These schemes have the added benefit of being highly tax efficient, allowing the reward to be taxed as capital gains rather than income. Under the right circumstances, Entrepreneurs' Relief can mean the employee pays as little as 10% tax. This means that an owner manager can pledge less of the equity to get the same net value to the employee. However, maximising tax relief requires that all conditions are met and care must be taken to ensure all the details are in place well ahead of the sale.

Strong governance

Buyers want to avoid risks and expect to see strong controls in place.

Owner managers would not be in business if they weren't prepared to take risks – and buyers understand this. But they will expect to see evidence that risks are properly understood, managed and mitigated. Failure to do so can have a real impact on the value achieved at exit or can even result in the collapse of potential transactions. So any key risks must have been identified and appropriately mitigated in advance.

In many instances, this process can be as simple as formalising the controls that already exist. In others, a detailed review of new risks, or changes in the significance of existing risks may need to be considered. Being able to demonstrate a clear control environment and governance structure is essential. Buyers will also expect to see a working and well-structured board, which will also be of great value to your business as you drive towards exit. Key appointments include a strong CFO preferably with experience of at least one transaction and a chairman who has themselves travelled the journey that you are about to embark on as owner. Thinking about these issues early and being on the front foot will help put you in the best position to maximise value.

A clear business plan

A business plan sets out the opportunities it seeks to exploit and how it is going to manage the core pillars of people, process and technology.

Your business plan should sit on top of a solid understanding of your strategy and the market your business faces. A good business plan often follows a strategy review and a market validation exercise and of course is not complete without a financial model. Our expert team can help you set this out around the clear, final objective of a successful exit.

A good strategy will provide a set of choices based around a number of financial, business model and operating model levers that build on a company's strengths. This enables competitive advantage, identifies significant investments of time and money, motivates action toward objectives and improved performance, and mitigates the associated risks.

It is important to start with the financial outcomes established in Section Two. This helps to determine whether you are looking for incremental or transformational changes to the business model.

Choices can then be made related to the operating model needed to deliver it. Adjustments can be made to core business processes to ensure they link the business model and operating model.

It's also important to consider that the buyer or investor will want to see some evidence of value creation and a clear strategy for growth after your exit and in their ownership. A company that has no clear growth plan or has already maximised value may struggle to attract a buyer let alone at a premium price. A good business plan is a living document that's owned by the senior management team and, in shorter form, the entire business. There is no value in a business plan being confined to the CEO's drawer. Then only the CEO knows where the business is trying to go, everyone else is left guessing – no matter how good the plan, the result is inevitable.

When it comes to doing the deal, your business plan will form the basis of your information memorandum which will be presented to potential buyers. This document will be significantly more robust if it has been developed from a tried, tested and fully adopted business plan.

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Forecasting

Robust and accurate forecasts are vital to business managers and inspire confidence at deal time.

Transaction forecasts normally need to span three to five years depending on the buyer and are an extension of the budgeting process adopted by most businesses. They should be based on historical data that can be fully analysed. Often this will be the first time a business has forecast that far into the future. We advise that the discipline of a five-year rolling forecast is adopted immediately.

A sale process can take time and can involve reporting three to six months of management information against forecasts issued to the buyer. Being significantly over forecast is almost as bad as being significantly under; both mean that management are not able to accurately predict business performance. Testing the accuracy of forecasts before going to market will allow you to refine your business intelligence.

You will also find that most buyers will put in place normalised working capital adjustment mechanisms. It is important that the seller has confidence in the forecasts, both P&L and balance sheet, before agreeing to what might be a significant reduction in value at a future point. Again, learning in detail how your balance sheet reacts to certain changes in trading and at different points of the year can add a lot of value in the future.

When it comes to due diligence, a buyer is going to want to interrogate your model so that they can make their own assessment of the likely future performance of the business. Having a model that is tried, tested and understood by all of the management team will pay dividends and allow each member of your team to own and defend the assumptions pertinent to their area.

Your forecasts will also identify any shortfalls in capital required to deliver your business plan. To achieve your goals the business will need to be appropriately capitalised and any shortfall here may drive poor business decision making and detract from value. However, any decision to take on debt or equity will impact the results of your analysis in Section Two and will have to be analysed again in that context. It is an iterative process.

Data that drives your exit

Doing more with your data can uncover actionable insights and unlock value.

Understanding your data allows you to see the trends in your business and use this to support better forecasts (see section above). There are two imperatives here. Firstly, by making better use of data you can control and grow your business more effectively, making it worth more to a buyer. Secondly, when your potential buyer does engage, you will be able to answer all their questions with hard data, rather than the gut feeling by which so many small businesses run.

By making better use of data you can control and grow your business more effectively. And when your potential buyer does engage, you can use that hard data to answer all their questions.

It is much better to be looking at your data as early in your exit strategy as possible, so that any opportunities uncovered can be acted upon and realised in the time leading up to exit. Failure to do this can result in embarrassing conversations during the sale process when the buyer and their due diligence team come to understand the data driving your business better than you do. Worse still, when this data contradicts assertions you have previously made.

Data underpins all aspects of your organisation and it is possible to ask questions of your data that would not have been possible a few years ago. We can help you get the advice and software to make sure that data drives your decision making and enhances value.

Technology

Your ability to adopt, implement and profit from new technologies will be greatly valued by potential buyers.

It's probable that your business will be taken over by a bigger company. They will most likely be looking to 'plug in' your capabilities to their organisation. Outdated technology and systems will prove a barrier to realising the synergies they're looking for and could prevent or devalue a sale. The ability to adopt and successfully implement technology to drive profitability and efficiency will be a key area of interest for investors.

Having a clear strategy and roadmap in place to take advantage of digital technologies, protect against cyber threats and help increase the value of key technology assets such as ERP systems will provide them with reassurance. It's also important to understand and exploit the role technology can play in hitting your own growth targets as you head towards exit.

Being conscious of both the strengths and weaknesses in your IT provision is vital. We can help you to assess and improve: the age, scalability and functional capability of key business systems; your plan and framework to manage technology risks and external threats; your ability to manage and mine data; and the technology skillset and capabilities of your people. Improving or maintaining your strengths in these areas can boost your current growth and make you more attractive to a buyer.

Profit improvement

By taking a close look at all your costs and revenues you can put together a clear plan to increase profitability and therefore sale value.

Start by, at a bottom-line transactional level, identifying where you make profits and where you don't. This will help you pinpoint transactions that are eroding value. They may be caused by factors including: individual products, customers or sectors; costly routes to market; poor pricing and project management controls; supply chain routes and manufacturing inefficiency/location.

By identifying these underlying reasons, you can identify and implement actions such as cost reduction, process improvement, control enhancement and, in some cases, product or customer rationalisation. The critical factor will be to ensure that each area of opportunity clearly links to a set of defined actions and a clear and measurable bottom line benefit.

Given the short window to improve profit prior to a sale, companies will need to employ a structured programme management approach. Clear identification of prioritised opportunities, action plans, resource allocation, tracking and control are absolutely key to making sure benefits hit bottom line in full and on time. By accelerating their implementation, the profit improvements can hit bottom line run rate prior to a transaction and have greatest impact on value.

At Shaw & Co our consulting experience and methodologies mean we can help you challenge and deliver these improvements 24 to 36 months in advance of an exit. We also make sure that profit improvements are sustainable. A buyer will quickly see where improvements have been made that are simply 'window dressing.'

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Working capital improvement

The equity value of your company is normally calculated by taking both cash and working capital into account.

Reducing working capital cycles can generate cash to help enhance cash reserves, pay down debt and improve shareholder value at exit. Yet a surprising number of companies have excess cash tied up in working capital cycles that are not operating efficiently. Additionally, staff operating or controlling these cycles may not fully understand the importance of cash to the company or the impact of their day-to-day decisions on cash and working capital.

By identifying inefficiencies and introducing process improvements and controls, working capital cycles can be shortened and additional cash can be generated. There are many ways to improve cash generation. These may vary from boosting invoicing efficiency and dispute resolution procedures to streamlining goods receipt and payment controls, or from enhancing sales and operational planning processes to amending VAT processes.

From our experiences of working capital programmes we can help you focus on the areas that are likely to provide the largest cash benefits in the shortest time and hence accelerate cash generation. Furthermore, by using KPIs, training and incentivisation, it is possible to encourage all staff to improve cash flow through their day-to-day decisions.

As you prepare for a sale process, a programme focused on delivering permanent cash flow benefits will not only build greater exit value for you but will also demonstrate to buyers the efficiency of your balance sheet and underlying business model.

However, so that this is not lost again through the normalisation of working capital, these improvements have to be in place for 12 months or more pre-sale. And if you have enough time before your planned exit, you may even want to consider redesigning your entire operational model to take advantage of credit and pre-payment opportunities (while being aware of the impact of any reduced margins on enterprise value).

Overseas growth

In the run up to a sale, overseas activity or expansion needs to be approached thoughtfully and strategically.

The risk can be high due to the significant amount of management time and resources that overseas activity can absorb and the subsequent impact on EBITDA margins.

Poorly thought out international activity can also leave a trail of complex issues that detract from value and make a risk-averse buyer back away. These include international tax complexities, compliance and regulatory issues, complicated joint ventures (especially when attempting to trade in regions where foreign inward investment rules apply). So, for many owner managers the right approach is to keep it simple and keep it UK – after all, there is a significant economy to go for on our shores.

For others, however, proving that a product or service can be sold in a country outside the UK demonstrates to the potential buyer that there is an opportunity to scale globally. Here, it is significantly better to prove concept in two or three countries outside of the UK with a meaningful market share in each rather than having small footprints in lots of markets. A buyer with international aspirations will value meaningful proof of concept much more highly than a widespread international presence.

Accessing a market through a distribution agreement can accelerate expansion but you need to be mindful of the impact they can have on your eventual buyer who may already operate in that territory and therefore risk limiting their trading in that region and ability to access synergies.

Growing by acquisition

Acquisitions can take up a lot of time and funds so think long and hard about the benefits and risks of any transaction.

If you do go ahead, bear in mind that any acquisition will need to be integrated as quickly and effectively as possible to ensure that the benefits are enjoyed by the shareholders. Any failure to achieve cost synergies will present the buyer with an added problem. They will expect any acquisition to immediately or very quickly add value.

However, good acquisition opportunities are rare and getting it right can pay huge dividends, so going ahead could be a major boost to sale price and prospects. It really comes down to experience. If your business regularly makes acquisitions and can prove that it is capable of good integration management to deliver the desired results, then continuing this activity in the run up to sale is likely to be positive. But if you have no such track record, acquiring a short time in advance of the sale could be unwise as a buyer will be nervous about the hidden costs and the consequences of an acquisition that is not fully bedded down.

We can help you focus on the areas that are likely to provide the largest cash benefits in the shortest time.

It's critical to get good advice and our experience supporting all aspects of business exits means we are able to consider tax implications throughout the process. Specialist tax advice is also available to you through our network of professional contacts, or independently.

Maximising available tax relief

Fully think through the tax implications of an exit well ahead of the sale, or risk losing valuable tax relief.

(Please note, this refers to your business tax, for personal tax planning please see Section Four).

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Given the complexity and changeable nature of taxation we won't provide all the detail here, but current reliefs you will need advice to maximise include:

R&D incentives

Companies of all sizes, whether profit or loss making, can claim significant deductions for qualifying R&D expenditure. Large companies may be able to recognise a credit in the profit and loss account, thus improving EBITDA.

Capital allowances tax

Reliefs for capital assets can reduce a company's corporate tax liability and/or accelerate tax relief. Some types of expenditure on assets can enable enhanced deductions. In terms of a sale, ensuring all available reliefs are claimed will help reduce your overall cash tax costs.

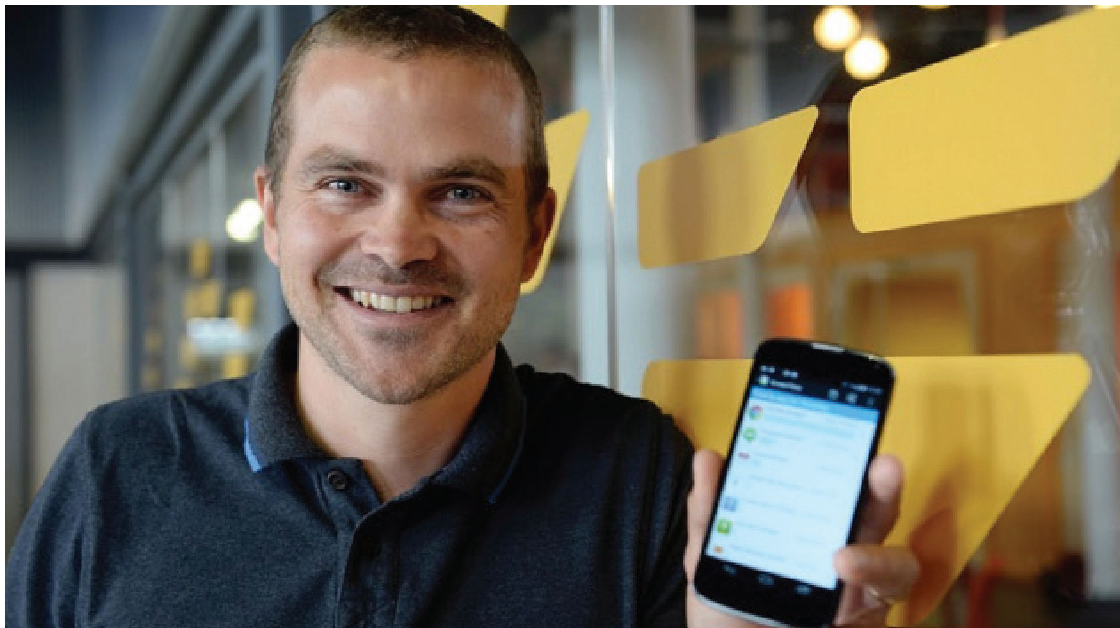
Patent box

Where a company generates income from patents, the profits generated from that activity are taxed at a lower rate. Maximising these claims as soon as possible is important as the patent box regime is liable to change.

Pre-sale reconstruction

If there are any non-core assets within your company that have to be extracted prior to a future share sale, you may qualify for tax relief but it's a complicated area and advice is essential.

Identifying and utilising tax reliefs will add to the excess cash to be distributed to shareholders at sale. But planning well ahead is essential to gaining the benefits available – when it comes to deal time, it is often too late.



Case study: Screen Time Labs

We helped local dad, Steve Vangesse to realise the value in his growing technology business Screen Time Labs, which helps parents manage the amount of time their kids spend on mobile devices. After their app became a global success, Steve's company was acquired by Awareness Technologies, makers of leading parental monitoring software WebWatcher.

As the sale of Screen Time Labs came so early in its development cycle, we structured the deal so that Steve and other shareholders could continue to benefit from Screen Time Labs' growth.

Key points

Identify your team and bring them onboard – without them you will not deliver your goals.

Think creatively and deeply through all areas of the business to maximise both enterprise and equity value.

Before carrying out risky strategies such as overseas growth or acquisitions make sure that they are carefully thought through, professionally managed and value accretive.

Getting ready for exit

It's time to get everything in order and leave nothing to chance.

Make yourself redundant

You must demonstrate to buyers that that your business can operate successfully without you.

For at least 12 months prior to sale we recommend that you move into a chairman role. Any later than this and buyers will feel that the move is more window dressing than reality. In making this move you will need to successfully fill the CEO role and demonstrate that on a day to day basis the business runs without your input.

It is a good idea to keep a record of your days away from the business so that you can evidence that your involvement has reduced to a few key touch points per month. This has the added benefit of giving you the time and space to work with your advisors on the sale itself (which won't count as working in the business as it is clearly an exceptional project).

For an owner manager, this can be one of the most testing transitions you ever make. You remain at full exposure to the success of the company, yet you are handing control over to people other than yourself. But doing this is a critical success factor in your route to exit.

Your business plan should have identified your key requirements around people, process and technology and you will have been managing to this plan for several years. Recruiting for your replacement either externally or internally requires a careful assessment of the candidates, their skillset and importantly their alignment to you and your objectives.

A failed CEO appointment can set a business back as much as two years. By the time that the error has been realised, the individual removed, and a replacement appointed it's hard to envisage that process being any shorter. We have worked with many owner managers to appoint CEOs and it is not an area to learn on the job when the impact of failure on your plan is so great.

Project the business plan forward

You are selling the future performance of your business, so make sure you have it clearly mapped out for the buyer.

As you begin to step away from the business, now is the time to engage with your advisors on preparing the information memorandum. Approximately half of this document should describe the business as it is today including history and evolution, the other half needs to map out to the buyer the future opportunities and vision for the business.

To be credible, your vision for the future of the business needs to be founded in activities already undertaken or being developed by the business. After all, if your route to growth is purely blue sky thinking then the buyer's rationale to acquire your business diminishes.

Thinking about how your business is developing to meet emerging trends in your sector and how the work that you have done positions you to capture those opportunities can add value. Many acquisitions of SMEs by larger corporates happen because the SME is nimble and has reacted quicker to the market. The slow and lumbering corporate is then forced to acquire to regain that advantage. Such transactions drive better value for owner managers as they bring about a strategic premium.

As you project the business plan forward, your rolling five-year financial forecasts (as discussed in Section Three), should make the financial side of this straightforward. The data analysis that has now become part of the day-to-day running of your business can validate and support these assumptions and pass buyer interrogation.

We recommend that you move into a chairman role at least 12 months before the sale. Any later than this and buyers will feel that the move is more window dressing than reality.

Audit and accounting policies

Evidence of a robust audit can help you towards a smooth exit.

While a buyer is acquiring the future of your business, their assessment will be heavily dependent on its past. Any buyer of a business is taking a risk. They will therefore be looking for as much certainty as possible. Evidence of a recent and robust audit conducted by a recognised brand name is a valuable way to inspire confidence in a potential buyer – and it can also provide valuable insights to help you prepare for sale and power your growth objectives.

To facilitate a smooth due diligence and exit process, it is fundamental to get the audit right and have certainty over the balance sheet and the operating effectiveness of internal controls. Any issues raised should be addressed before you begin the exit process. Are liabilities fairly represented? Or undervalued? Hidden, or off-balance sheet?

Accounting policies are the specific principles and procedures implemented by a company's management team. These are crucial in an exit because the fundamental valuation basis (such as EBITDA multiples) may be impacted by the company's accounting policies. Ensuring the accounting policies and controls are robust and in line with sector practices will give comfort during the due diligence process around quality of earnings and presentation of (and reconciliation of) financial results to the underlying earnings position.

Different types of buyer may be looking for slightly different assurance. The right advice is crucial in making sure your audit and accounting policies match their needs and expectations.

Different types of buyer may be looking for slightly different assurance on accounting policies. Private equity acquirers may want to ensure that policies are industry benchmarked to make sure their valuation thesis holds. Trade acquirers will want to ensure policies are similar to their own to support their valuation and enable a smooth integration into their wider group. Non-standard or aggressive accounting policies can create difficulties during exit as they can make investors nervous and disappoint sellers when value is eroded through realigning past practices. The right advice is crucial in making sure your audit and accounting policies match the needs and expectation of potential buyers.

Due diligence – overview

Having everything ready for your purchaser and their advisers will help to streamline the due diligence process and keep your sale on track.

Many companies do not appreciate the depth and breadth of due diligence. Providing the right information is critical to the deal value and it is important to present it in a way which supports your story.

You will often have little time to take remedial action on due diligence findings and risk losing deal value as a result. At the same time, your management and finance team may be dealing with multiple teams of advisers doing due diligence. To avoid business disruption and further value erosion, we can help you have everything you need ready in advance of exit. When issues occur, our experience of negotiations around purchase price adjustments, warranties or closing mechanisms can help you close the deal smoothly and protect value.

Choosing the right support is vital because without it due diligence can be a stressful and lengthy task that is extremely difficult to navigate. Having access to experienced advisers like Shaw & Co who understand the areas of the most concern to bidders will be key to achieving your desired sale price.

A proactive approach is central to anticipating the queries of potential bidders and can highlight to them a strong business model with great opportunity in their specific target market.

By offering a comprehensive due diligence data set to your buyer you can evidence strong trading dynamics, well-structured commercial arrangements (with both customers and suppliers) and an appropriate controls environment. This will add to buyer confidence and therefore value.

Vendor or buyer due diligence?

There are two accepted ways of approaching due diligence, and an informed decision needs to be made before entering the market.

Essentially, owner managers have two choices. They can carry out the traditional buyer due diligence where, post offer, the buyer instructs their own teams or they can choose a newer option called vendor due diligence (VDD).

VDD is where, ahead of going to market, you appoint an independent third party to undertake due diligence on your business. The potential buyer receives the VDD report and, because it is from a third party who will owe a duty of care to the eventual buyer, that buyer can establish trust in the process without needing to carry out their own due diligence. Although the VDD provider has this duty of care to the buyer, they will report any issues to the seller which will give you the chance to address significant issues before going to market and before value is eroded.

Because the report can be made available to all serious bidders, time can be saved and the transaction can be run more smoothly, with the time between agreeing a deal and completing minimised. In some cases, exclusivity can even be resisted entirely, allowing multiple bidders to 'run to the wire'.

The costs of this work need to be underwritten by the selling business and, in the event of a failed sale process – paid. These costs can be significant so only a committed and well-prepared seller instructs VDD. Buyers know this, so the presentation of a VDD report tells a potential buyer that you are serious, and that you are ready.

Due diligence – appointing legal services

The right legal support can help to give your buyer confidence about the strength and safety of your business.

A sense of loyalty to the law firm that you have used over many years is understandable, but it should not drive you to appointing them if they are not fully equipped to handle the transaction.

Appointing fresh eyes and asking them to undertake a legal audit 12 months in advance of a planned exit will help uncover any issues that might have otherwise derailed a transaction. There will be a cost to this, but it will be money well spent and an exceptional item that will not impact the valuation EBITDA. We can advise you on a suitable representative, but the decision will be yours.

More generally, legal due diligence is a vital process that can make or break your exit, so it is important that the legal affairs of a business preparing for exit are in good order. Potential buyers will want to see many things when looking at the legal affairs of a business, but broadly speaking they include: an easily understandable group structure; an order book underpinned by well drafted legal agreements; key employees tied into the business by their service agreements; IP protected by trademark and patents; and well-ordered statutory registers.

When you are looking to appoint your legal advisors, you should also consider the 'bench strength' of that team. When the transaction needs to be delivered, the size of the corporate team and their ability to process significant numbers of documents in a short period of time is an important consideration.

A sense of loyalty to the law firm that you have used over many years is understandable, but make sure they are fully equipped to handle the transaction.

Tax compliance

A clean, clear and compliant tax position will allay any fears your buyer may have about future or historic liabilities.

A clean tax history will reduce the potential for any price reduction or post-sale retention of proceeds. It also underlines the professionalism and governance within the company. In contrast, having undeclared or undetected tax risks can derail a smooth transaction process.

Recent public and HMRC focus on historic 'tax avoidance' schemes has raised awareness and concern among buyers. As a result, the presence of these can limit the range of potential buyers and greatly reduce the price payable for a company on exit, because of both historical cash tax exposure and an increased risk rating with HMRC.

Companies can, however, turn these concerns to their advantage. By electively managing a company's compliance obligations, it is possible to create additional value on an exit, such as claiming available government sponsored reliefs (e.g. R&D tax relief) or agreeing the transfer pricing of debt with HMRC from the outset to help avoid future queries.

It is also important to remember the timeframes within which tax reliefs such as R&D and capital allowances can be claimed. If the buyer can claim these before sale they should do so, but if the opportunities lie with the vendor then the canny seller will know this and make the advantage clear to the prospective purchaser to maximise value.

Personal tax advice

With so much going on in the approach to a sale, it's easy for owner managers to overlook fundamental tax matters.

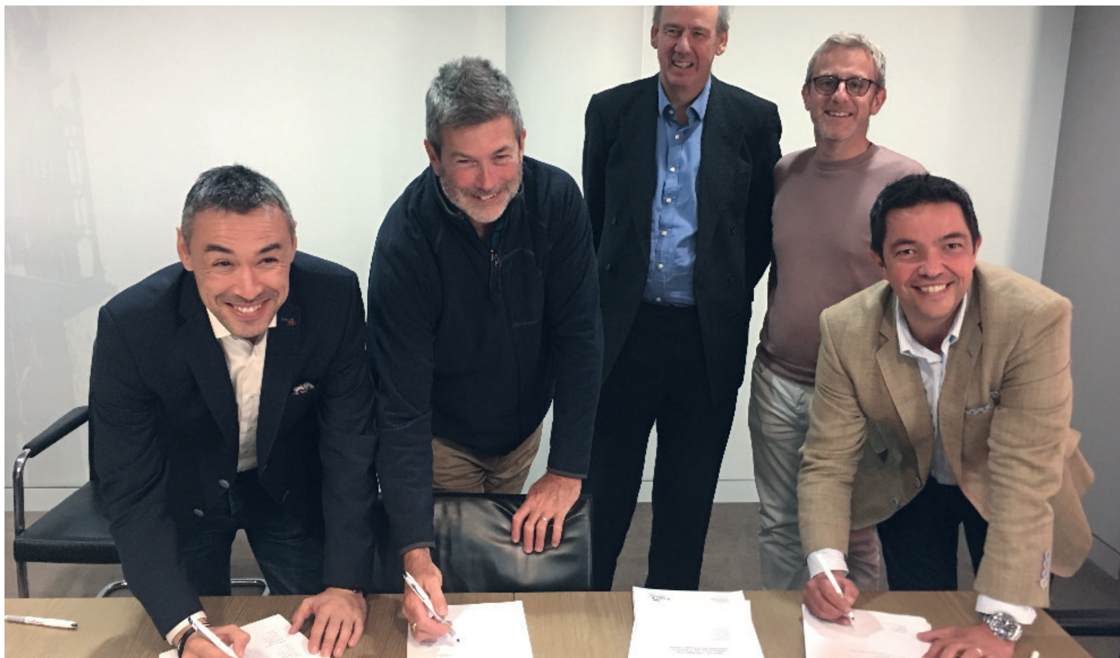
For example, while the availability of Entrepreneurs' Relief is generally well-known, a lack of attention to its detailed conditions can devalue, delay or even prevent a transaction.

Realising the value of a company also brings the protection and diversification of the family wealth into sharp focus. In particular, inheritance tax at 40% becomes an issue as protection by certain business reliefs is no longer available to the company owner, having converted their business interest into cash.

The thoughts of company owners may also turn to new business ventures or property and other investments. Again, considering these at an early stage allows you to structure your wealth in a way that matches your objectives. Generally, the earlier these issues are addressed, the more options are available.

Therefore, seeking tax advice well in advance of a sale can often benefit company owners. While we have a great deal of experience in this area, we also know the value of specialist expertise. We are happy to introduce you to suitable support or you may prefer to use your own adviser – the choice is yours.

A clean tax history will reduce the potential for any price reduction or post-sale retention of proceeds. In contrast, having undeclared or undetected tax risks can derail a smooth transaction process.



Case study: Passionate About People

With £100m+ turnover and impressive margins, Passionate About People was looking for a high value sale. But its unique mix of engineering services and recruitment solutions risked limiting potential buyers. We identified that a two-stage disposal would deliver the greatest value and structured a deal accordingly. First, we advised on the sale of their engineering services to a US-based buyer with interests in aerospace. Then we supported the sale of their recruitment services to the UK's leading outsourced workforce provider. Passionate About People's founders were delighted to reach the end of their 20-year journey on a high.

Key points

Make yourself redundant well before the transaction.

Invest time in the information memorandum – sell the future.

Ensure your foundations are solid, let nothing trip you up in due diligence.

Doing the deal

After all that planning and hard work, it's time to do the deal.

Getting your timing right

Even after months of long-term planning, short-term events can still knock you off course.

Throughout the exit process you have worked hard to eliminate uncertainty by providing your buyer with all the concrete financial and legal information they need. We've also helped you carefully grow the business, so its sale can achieve or exceed the magic number we set in the first section of this guide. The last thing you need now is for an unexpected event to throw the deal off course.

No one can predict the future, but by paying careful attention to market behaviour and forecasts it is possible to get a reliable insight into whether the proposed sale time is likely to be opportune or best avoided. While no owner manager can influence major economic or political events, they do have the power to stall or accelerate their sale date accordingly.

It is, however, possible to forecast seasonable variations to your business and adjust your proposed exit date accordingly. In seasonal businesses, it will be probably be best to complete the sale just after the seasonal peak. The first reason is that you, rather than your buyer, will then capture the benefit of the seasonal peak. The second is that with strong sales just behind you, your buyer will have stronger evidence of your success than if you were in a sales trough.

Marketing your business

You already know your likely buyers; now it's time to get their attention.

In Section Two we talked about the need to think like a buyer by viewing your business a little like one of your products – from the customer's perspective. Now it's time to take your new product (your company) to market. How will you present to and engage buyers to win their confidence and bag your biggest ever 'order'?

Hopefully, you've already followed our advice on raising the industry profile of your company so that awareness is heightened and appetites whetted, but prospective buyers will still need to be convinced. Your information memorandum will therefore be crucial in providing both the basic information required and a compelling narrative to take that interest to the next step. Given its confidential nature, your information memorandum should only be given to pre-qualified potential buyers upon their signing a non-disclosure agreement (NDA).

We'll have helped you to identify the right buyers, so the next step is to approach them – either directly or through your advisers. Clearly, you want to maximise value so it's important to sell the opportunity not just the company, for example, by pointing out the synergy gains and strategic benefits that a buyer could realise through acquiring your company. You will also need to thoroughly prepare and rehearse your management presentation and be ready to deal with any questions, objections or clarifications.

It's important to sell the opportunity, not just the company. For example, by pointing out the synergy gains and strategic benefits that a buyer could realise by acquiring your company.

Initial offers

The highest price may not be the best deal for your business.

When selling a business it is not normal practice to issue a guide price or asking price as it is when selling a house. Instead, potential buyers will bid what they believe the business to be worth and then it is for the seller and their advisers to manage the bidders in order to solicit the best offer for the seller against predefined (but confidential) criteria.

The highest price may not always the best one for you to take. A business is a very complex asset to sell and acquire so initial offers need to cover a lot more than the headline price. Other key factors to consider include; the structure of the transaction, plans for the business, tie-ins for senior staff and the position of the buyer (including proof of funding).

Heads of agreement

Getting this document right and managing the process well is crucial.

A heads of agreement is a non-binding document which sets out the key terms of a proposed agreement between parties. It needs to capture the key commercial issues without becoming the full sale contract. This balance gives buyers wiggle room to walk away if they, on further scrutiny, don't like what they see. But also, crucially, it allows the seller to keep their most powerful tool, competitive tension, because they still retain the option to sell to another party after any exclusive period elapses.

The heads of agreement normally grants the buyer a legally binding period of exclusivity in which they can do their due diligence. This period needs to be short as possible and well managed as the price rarely goes up in this phase but can often come down if issues are uncovered.

Due diligence

Often referred to as the most painful part of the process, but only if you are not fully prepared.

We covered due diligence in Section Four and if you have taken the route of vendor due diligence (VDD) this part of the process is largely completed. Any buyer will look at your business in a way that you may not have in the past. As such there will always be 'top up' questions to a VDD exercise. However, these will be light compared to the original process and should be easily dealt with by you and your team.

If you have not opted for VDD, due diligence can be expected to take up to three months. During this time the business is at risk of a negative event and as such management need to be on their best form to deliver the forecast numbers. Preparation is key here. A well-prepared data room in advance of due diligence will reduce the workload in this phase significantly. Fail to prepare, prepare to fail is very apt when it comes to due diligence.

Levels of due diligence vary depending on the buyer. One corporate we sold to asked for more buyside staff to be added to the data room than the business we were advising had employees. Dealing with all those enquires was an essential part of our role.

While poorly drafted legal documents can cause you huge headaches, so can poor or out of date advice from your business and financial advisers – so always choose someone who knows the latest trends and tactics.

Negotiating the sale and purchase agreement (SPA) – the basics

As the main legal document in any sale process, the SPA sets out the agreed elements of the deal and includes a number of important protections.

Before we go into a bit more detail it is worth noting what we said in the previous section about the importance of appointing legal representatives with the right experience, rather than automatically staying loyal to your regular lawyers. Poorly drafted documents or out of date advice can end up costing you dearly.

The SPA sets out the terms of payment or consideration paid by buyers to a seller in the form of cash, debt (such as a loan note issued by the buyer), shares in the buyer, or a combination of these. While the seller's preference is normally cash upon completion, often a portion of the consideration will be retained until certain conditions are met and to give the buyer the comfort that there is money available in the event of any warranty claim.

One popular method is for the seller to earn out the retained or additional consideration if the business increases its earnings by an agreed amount over a defined time period. This means that a buyer pays for growth only when it has been achieved by the business (instead of relying on forecasts), while the seller can achieve a higher overall price

by benefitting from future growth. While they are a simple concept, earn outs can add potential complications. For example, the seller may find that changes brought in by the new owner impact their ability to achieve the predefined targets. Factors like these need to be carefully addressed in the SPA.

Warranties are statements of facts made by a seller in the SPA relating to the condition of the company being sold. If a warranty about the liabilities and condition of the company subsequently proves to be untrue and the value of the company is reduced, the buyer may have a claim for breach of warranty. Warranties will cover all areas of the company including its assets, accounts, material contracts, litigation, employees, property, insolvency, intellectual property and debt. If more specific risks are identified during due diligence, it is likely that these will be covered by an appropriate indemnity in the SPA under which the seller promises to reimburse the buyer on a pound for pound basis for the indemnified liability.

A seller can gain some protection from warranties however, through use of a disclosure letter. This document is the seller's opportunity to disclose to the buyer any matters which qualify or contradict the warranties contained in the sale and purchase agreement. The seller's potential liability for a breach of warranty is reduced to the extent that a matter is fairly disclosed. For the buyer, it supplements the due diligence exercise in giving them the fullest picture of the target company or business.

On a personal as well as a financial note, it is wise to mitigate your post-deal exposure. If you are convinced, as we hope you are, of the strength and success of your business, it is all too easy to offer too much in the way of indemnities – and allow these to remain in place for many months after completion. Your advisers can help you set sensible liability caps and minimum thresholds within the SPA. You may also want to consider limiting your exposure through relevant limited liability insurances.

You have probably already got the idea that this is a complex and lengthy process involving hundreds of ancillary documents and legal due diligence. This may be eased in some part by using vendor due diligence (VDD – see earlier in this section), which can also cover legal as well as financial matters.

SPAs – advanced thinking

Be aware of the latest trends in this rapidly evolving area.

A sale and purchase agreement (SPA) is a legal contract that obligates a buyer to buy and a seller to sell. Sounds simple. But purchasers and sellers are becoming increasingly sophisticated in seeking to exploit the potential value to be gained through the negotiation and execution of the SPA.

It is normally the responsibility of the buyer to produce an SPA, however, in an aggressive process a seller can offer an SPA to multiple bidders. This is less common in the SME marketplace but if the business to be sold will generate a high level of competition, a standard document can be provided to multiple parties for comment.

While poorly drafted legal documents can cause you huge headaches, so can poor or out of date advice from your business and financial advisers, so always choose someone who knows the latest trends and tactics. If you are able to identify your buyer or likely buyer in advance, this may influence your choice. For example, if your buyer is likely to be US based, despite the contract being based in UK law, they will bring certain approaches that are acceptable in the US but not the UK. A lawyer experienced in dealing with this will ease the process significantly.

We understand that the road to an exit is often the most intensive period of your working life. Because of this pressure, owners and the business itself can get worn down by the process and deals fail because of it.

Dealing with deal fatigue

It can be a roller-coaster ride at times, so be prepared for lows as well as highs.

As we work exclusively with owner managers, we understand only too well that we are dealing with individuals and that the road to an exit is often the most intensive period of their working life. Because of this pressure, owners and the business itself can get worn down by the process and deals fail because of it.

While showing understanding is important, avoiding problems in advance is always the preferred option. Yes, sometimes pressure is created by unexpected issues that could not be foreseen. More commonly, however, issues can be avoided by making sure that everything is done to prepare properly, making the process of doing the deal smoother. And that will help to reduce the pressure on the owner, their team and ultimately the deal.

Deal craft and tactics

There's a lot of hard work and hard data involved in securing a sale, but it's also an art.

While this guide aims to set out all the main steps you need to take to complete your transaction successfully and attain your magic number, the reality is that each deal, business and owner is different. Within the general structure set out in this guide, there will be complexities that are unique to your deal.

These complexities can include understanding specific buyer value drivers, strategic positioning to create competitive tension (be that between bidders or simply through the fear of missing out) and being able to successfully overcome deal hurdles or buyer objections – all of which form much of the 'art' of deal making. While it is impossible to predict the specific issues that might arise during a deal it is, in our experience, almost certain that some will occur. The value of a good adviser is therefore not only to guide you through all the technical necessities, but to have the experience, good judgement and intuition to overcome any such obstacles along the way to deliver the right deal at the right time.

Deal craft involves focussing on the common goals between parties in order to find a way through any impasse. Inevitably, any negotiation, which the sale of your business ultimately will become, requires compromise. Understanding the points that really matter and the points on which compromise can be reached takes experience and foresight. Like a good game of chess, every move has to consider each of those that follow.

Delivering a deal in this way takes an adviser who, like Shaw & Co, takes the time to get to know you and your individual business, but also has the breadth of experience to guide you through any situation.

Completion

It's the moment that you've been waiting for but knowing what to expect will help you get the most from the experience.

After months of hard work and anticipation the moment of completion has finally arrived – but be aware that on a personal level it's often a massive anticlimax, typically in a solicitor's office late at night. So, it can be a good idea to have a more convivial event organised to celebrate soon after with family and colleagues.

There are aspects of completion that need to be carefully considered. PR and the management of announcements must be managed to protect confidentiality wishes and/or agreements, particularly around deal values. You may be sensitive about everyone knowing how much your business sold for and buyers may not want the market to know what they paid. On the other hand, there will be some regulatory requirements on disclosure, so getting expert advice will be needed to ensure you strike the right balance between being compliant and confidential.

Case study: VoucherCloud

We helped VoucherCloud owners Scott Davidson and Greg Le Tocq to sell their business in a deal worth $65m (£46.7m). The scale and highly specialist nature of their business meant that the buyer had to be a global player. Shaw & Co explored this market on behalf of the shareholders, who settled on Groupon as the best buyer for the business. The sale placed VoucherCloud with a supportive long-term partner whose ambitions are perfectly aligned with the founders. Greg remains onboard to lead the team, while Scott took the opportunity to retire.

Key points

Carefully consider the point at which you enter the market.

Have all the tools ready to drive a competitive and efficient process.

Be prepared for the legal aspects, especially warranties and disclosure.

What next?

Your plans have finally been realised, but now is not the time to lose focus...

...nor will it be our time to disappear over the horizon.

Over many years we've seen how owner managers can face lows as well as highs as they deal with life, post exit.

That is one of the reasons we started The Charlotte Club, an invitation-only suite and roof terrace above our offices where we host events and bring people together to keep in touch, share past experiences and plan future ones.

There are many things you may need to consider post exit and below are some of them, but we will always be on hand to help with these or any other.

Earn outs – are you ready for the gear change?

If you have agreed on an earn out (see previous section) you may feel like it's going to be business as usual. It won't be.

Going from boss to employee can be a novel experience for most owner managers, so be prepared for a shift in mental gear. No one wants the old boss saying 'don't do it like that, do it like this' – but at the same time being too hands off could be a waste of your knowledge and compromise your ability to hit the earn out targets. We can share our knowledge or put you in touch with people who have been there and done it.

Money, money, money – don't be in a hurry

You will almost certainly have more money than you have ever had before – and likely in cash.

The critical thing is not to do anything rash and to work closely with a trusted financial adviser to put in place the building blocks that will secure the future for you and your family. Everyday considerations like tax and financial planning should probably come before any significant spending spree.

You may decide that you want to transfer wealth to your family. This may include setting up a trust or a family investment company for your dependants and/or reallocating your property, assets and chattels to your dependants to manage your estates and succession planning requirements. It can be efficient to establish a corporate entity as part of your estate planning.

Some owner managers may wish to start afresh overseas. Knowledge of immigration rules, overseas property investment and tax legislation will be key to the success of such a move. Finding an agent with local knowledge may also prove fundamental to making sure your new life is built on solid foundations.

Doing it all again – from start up to stay put

Having exited from your business you may have the urge to go again, whether starting from scratch or acquiring an existing business.

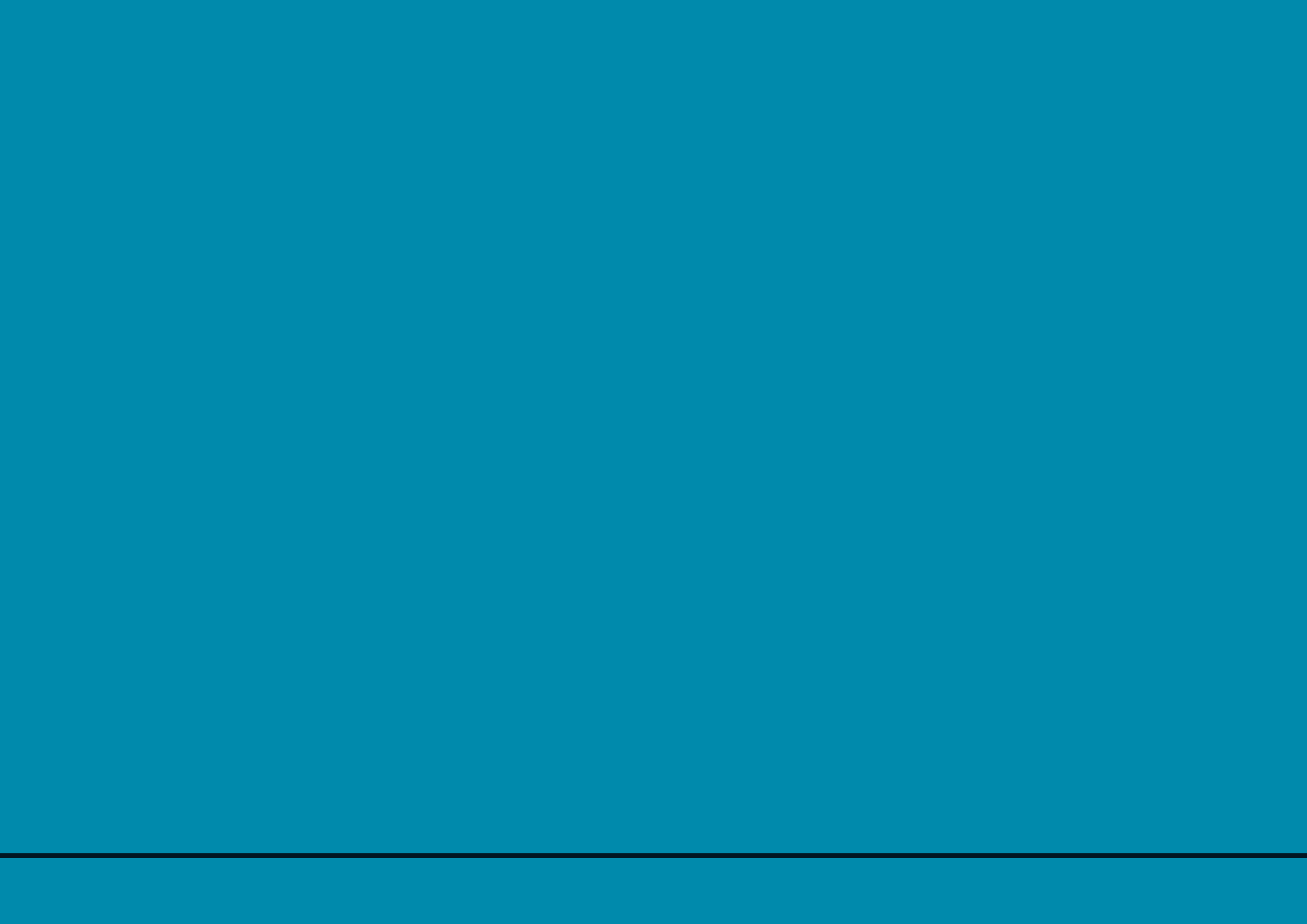
If you are looking to buy a business, our advice and networks could help you identify potential investment opportunities.

But there are other ways to keep your business mind active and share your experience. You may look to take on Non-Executive Director (NED) roles to support other businesses in achieving their growth potential.

Finally, you may decide to extend or renew your relationship with the new owners by staying in the business and working closely with the new shareholders. Here, understanding the processes and expectations of the new owners will be critical.

We hope you have found this guide valuable. If you've picked up one thing from reading it, we hope it's the need to plan meticulously and prepare well ahead. So, if you're thinking about an exit, no matter how far in the future, we'd be very happy to have an initial chat. Or, if you have questions about any of the specific issues covered within this guide, please ask me or one of the team.

Jim Shaw, Partner



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