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Preparing your business for sale

You will only be able to sell your business if there is someone willing to buy it. And, as with anything else, the better it looks the more you are likely to receive for it. It is therefore important to prepare your business, firstly to achieve a sale and secondly to maximise the sale price.

The most important factor is to plan ahead, giving yourself plenty of time to ensure the business is in robust health prior to inviting potential buyers to look at it. Sorting out any short fallings (e.g. accounts not up to date, no fire certificate etc.) as you go along will not create a good business impression and will invite much closer scrutiny from the buyer.

So what can I do?

There are a number of things you can do to improve your sale prospects:

- Appoint expert advisers

This is probably the first time you will have been involved in a business sale. If not you will probably only have the experience of one or two sales behind you. To maximise the business's sale potential you should seek the advice of experts who deal with business sales on a daily basis.

You will need the services of a specialist solicitor to help you ensure that the business is fulfilling its legal requirements and later draft the appropriate documentation for the sale.

You will also need to appoint an accountant to make sure the financial aspects of the business are in order, with accounts prepared in a business sale friendly format.

You may also wish to use a business transfer agent and/or a corporate finance adviser or to help you with finding a buyer and negotiating the sale.

- Improve business planning

Revise your business plan and if it is not written down, make sure it is. A buyer will feel much more confident if they can see that forward planning is taking place. If you need help in setting out a business plan see our article: [Do you have a business plan?](#)

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- Organise your operations

This will not only lead to a healthier looking business it will help improve the business's finances and efficiency. Areas to concentrate on are:

- improve working capital by reducing stock levels and controlling creditors and debtors.
- clarify your internal systems and document them.
- make sure you have good title to any property the business uses. This may involve negotiating with landlords if leases have only a short period to run and checking that title has been transferred in respect of fixed assets formerly on leasing agreements.
- clear up any legal disputes.
- ensure finances are in good order and that sales forecasts are good (but not unrealistic).
- try to maintain good employee retention for a substantial period before the sale, especially in key areas.
- check that you are complying with your statutory obligations, e.g. in relation to health and safety and employment.
- make sure that all employees have employment contracts.

- Timing

Your business may have some seasonal or even longer term trends. If this is the case then you should time the sale for when the business's finances and forecasts are on the upswing.

The state of the economy in general or in your specific sector will also have an important impact on the sale. Your expert advisers may be able to help with forecasting and predicting trends, especially sector specific ones.

When should I start?

The sooner you start planning, the more time you will have to achieve all of the above. The longer you have, the more realistic any historic trends and, therefore, forecasts will be. If a buyer is carrying out their due diligence efficiently, any quick fixes in the accounts will be spotted and cause huge damage to the trust between the parties. Similarly a rash of very recent changes to operations that have had no time to bed in will be treated with scepticism and open the door to greater scrutiny and tougher negotiating.

So, if you are thinking of selling your business, it is never too early to start planning.

For further information or advice please contact Steven, Tom or Philip who will be happy to assist you or visit www.gardandco.com.

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