

# Ashgates Corporate Finance



Ashgates Corporate Finance provides expert advice to businesses and owner-managers on a range of matters, including:

- Business sales
- Management buy-outs
- Acquisitions
- Fundraisings
- Valuations
- Due diligence

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Spring 2010

## Selling a business — the importance of expert advice

Selling a business is likely to be the largest, and most important financial transaction that most business owners will ever undertake.

And yet, once an owner has made the decision to sell, what, typically, are his or her three primary objectives? Maximise value, minimise time and minimise costs.

The fact is, though, that mis-managing timescales and trying to get advice on the cheap, are two things which are almost guaranteed to ensure that a business will be sold for less than it is worth (or, worse still, is not sold at all).

Dedicated expert professional advice is paramount. Every organisation is unique and selling a business is a transaction unlike any other. It takes experience and expertise to successfully manage all of the wide-ranging issues, including:

- Preparing and presenting the business for sale
- Understanding the market and potential buyers
- Deal structures and negotiations
- Vendor tax planning
- Managing purchaser due diligence
- Coordinating all the parties involved

How long does it take to sell a business? The definitive answer of course is.....that it depends. But from start to total exit often takes longer than most vendors think.

Simply preparing a business for sale can, potentially, take many months depending upon what is required. For example, extracting surplus assets, re-organising group structures, strengthening the management team or improving management information systems.

Once the formal sale process itself is

underway, time is required to identify and research potential purchasers and to obtain and collate information for supply to interested parties.

From there, the process of contacting and soliciting offers from interested parties can take many weeks.

After best and final offers have been received and headline terms and exclusivity negotiated with the preferred bidder, the process of due diligence begins. This phase alone can last weeks — or even months.



Many business owners underestimate the complexity of the business sale process and, for advice, turn to the external accountant that they have used for many years. The fact is, though, that accountants produce accounts — they don't sell businesses. After all, no-one would turn to their family GP to perform a major medical operation.....

Corporate Finance advice is often seen as expensive, but the reality is that the most “expensive” advice is generic cheap advice that materially reduces the value of a business. When selling a business, taking good quality, professional advice is likely to be the best investment that a business owner will ever make. 🏖️

Of course if there are pressing circumstances then a business can be sold very quickly, but more often than not, the preparation and planning phases are important for maximising value. Ordinarily, therefore, it is prudent to assume a minimum period of at least six months from start to finish — sometimes up to 12 months.

Lastly, vendors shouldn't forget that they may be required to continue working in the business for a handover period after completion — typically anywhere from six months to two years. 🏖️