



# Getting your Business Ready for Sale

**Planning the sale of your business in advance can often be overlooked by business owners.**

Ideally, any plan to exit your business should start with plenty of time so that you:

- Have time to address and rectify issues early;
- Set goals early so that you have more chance of achieving them and maximising value when you exit the business;
- Improve your operational and management oversight to increase profits in readiness for your exit;
- Are ready and prepared for an opportune or direct approach from a buyer.

The ultimate goal is to identify the most appropriate disposal strategy, one which meets your personal goals and considers the operational structure, transactional and tax perspectives of the exit.

Internal factors include the identification, measurement and communication of key value drivers and awareness of the taxation implications. Externally, raising brand awareness and positive press messages and marketing make potential buyers aware of your business.

# Disposal Strategy



## Corporate Review

Undertake a detailed review of your corporate structure, divisions and trading brands, assess financial performance and a commercial review.

This will identify key strengths within the business that can be developed as value drivers in the exit process. It will also highlight any exit planning issues, against which we can help develop action plans.



## Outline Disposal Strategies

We will review the group structure and various trading entities assessing a number of exit options. For example, considering the different scenarios around selling a whole group vs selling components of the group to separate buyers.

This overview will facilitate strategic discussions on managing the business in the short and medium term and provide enough time for any tax planning that may be required.



## Potential Buyer Search

We can review past and current transactions, identifying potential buyers and their valuation methods when looking at target businesses.

The research will include a range of potential buyers from trade, Private Equity and a management buy-out or management buy-in options. It will indicate the different valuations these parties place on businesses, the types of the businesses they have bought in the past and provide a benchmark against which a company's progress can be measured.



## Management Development

We are seeing an uplift in MBO activity and banks are increasingly prepared to support management teams and exiting shareholders. In addition to this as a stand alone exit opportunity, we are also seeing greater scrutiny being placed by trade buyers on management teams during a transaction process as a way of minimising the risks around business continuity.

In both of these cases, a strong and rounded management team is essential. We can work with you to ensure KPIs and the correct level of management information is available to support their development. This will enhance the likely value of your company on exit.

# Driving Value



## Management Information Review

We will review current Management Information, highlighting strengths and identifying additional measures that would be useful in valuation discussions and supporting a due diligence process.

This work will be complimentary to the Group Review and Operational Plan, creating a deeper level of analysis and highlighting KPI measures. These KPI measures can be used to support operational decision making, business forecasting and show the longer term prospects of the business.



## Customer Review

One of the key value drivers in a disposal process is the strength and diversity of the customer base. We will assess the customer base across the group to identify risks and opportunities from the perspective of a buyer.

A customer base may also contain potential buyers who are seeking to grow up and down the supply chain. This exercise will identify customers that have been acquisitive in the past.



## Market Research

We have access to several subscription databases and will review current literature and market predictions for all the relevant sectors in which your company operates.

This will showcase trends and predictions for these markets, highlighting critical success factors and possibly indicating when would be a good time to sell under future market conditions.



## Operational Plan

Operational plans are a key part of the sale process as acquiring companies or investing institutions seek to understand the business and how it makes money.

We can support you with the creation of a robust operational plan, forecasts and associated assumptions in which to measure the progress and success of your company or group.

## Creating Awareness

### Marketing and profile

One of the first things a potential acquirer will do is Google the company and/or group name. It is therefore useful to have current stories of growth, recruitment, success or other stories of interest in search engine results as well as the groups websites.

We can support you in identifying potential news stories and positive content with which to promote the business, its management team and key products and services. We can help with a targeted awareness campaign as part of the early stages of the sale process with potential buyers. This can help in developing a relationship with potential trade buyers and can also lead to closer trading benefits before sale.

# Tax and Private Wealth Plan

In addition to the strategic planning work, our experienced Transactional Tax and Wealth Management team will be able to support you through the process and maximise returns to shareholders. We can work with your wealth management advisers to ensure a joined up personal tax and wealth management approach which is also aligned with the overall disposal strategy.

The three stages of support includes:

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## Pre-sale actions

- Review Corporation Tax and remuneration planning.
- Identify and mitigate any potentially negative impacts on shareholder value.
- Review and comment upon possible planning strategies or structuring which is needed to achieve the intended outcome.
- Ensure that individuals qualify for appropriate reliefs to minimise potential tax liabilities.
- Review methods for extracting funds and align with your private wealth planning.

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## At the time of the deal

- Review and comment upon Heads of Terms to ensure that the structure is compatible with proposed tax planning.
- Implement proposed planning strategy.
- Advise on the implications of any deferred and contingent consideration.
- Consider possible planning to reduce or delay tax liabilities.
- Review and comment upon the tax aspects of the legal documents and ensure that they correctly reflect the proposed planning.

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## Post deal actions

- Advise the shareholders on the implications of the final deal, their likely liabilities and dates for payment.
- Review the inheritance tax position of those shareholders who have been materially impacted by the sale and advise thereon.
- Consider post sale planning to mitigate tax liabilities. This could include investment strategies and the use of tax driven planning.

## Contact us



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