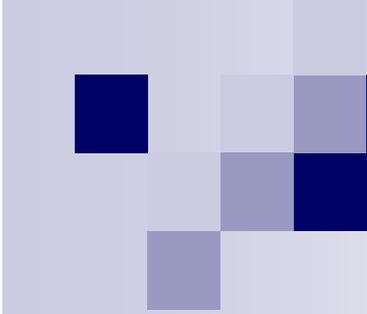


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# EARLY STEPS IN EXIT PLANNING



**evolution complete business sales**  
SELLING YOUR BUSINESS FOR ALL IT'S WORTH



When making arrangements for the sale of your business, you are undertaking more than preparing it for a change in ownership. You are preparing to change your life. Early planning is crucial, not only for attracting premium offer prices but also to ensure that the structure of the transaction meets with your post-sale plans—particularly if you hope to leave the business immediately it is sold.

### **Create a roadmap to exit**

Devising a clear roadmap to exit will assist you by:

- Helping you identify potential barriers that might derail the process
- Identifying and assessing the valuable “hidden assets” you have in your business – these can make the difference between an average and an exceptional exit price.
- Ensuring that the sale is as tax efficient as possible; the largest fee you will pay from the sale profit is to HMRC!

It will take time to prepare, and so should take place well in advance – a year at least. Having built your business over a number of years, it makes sense to take your time to do justice to all of your efforts. Use this time to consider the following questions:

#### **Why do you want to sell the business?**

Asking ‘why’ questions will unlock a number of inner motivations and help you to test whether selling is the best option for you. Vendors backing out of a sale is one of the main reasons deals fall apart – often referred to as ‘Sellers’ remorse’.

#### **How much do you want to sell for?**

Getting clarity on this critical aspect of the sale will help you to compare the current value of your business with your target value. There are many ways to price a business so always get more than one opinion. There’s almost always a gap between the two figures and, with early preparation, you can deploy strategies that bridge the value gap and achieve the exit value you want.

#### **Do you intend to leave the business when the sale is complete?**

Most owners expect to leave the business once the transaction completes. If that’s your goal consider how the business will perform without you. If you hold the key relationships with clients and suppliers, are responsible for business development or product development it is unlikely that you will be able to exit immediately. A buyer needs to be confident that the business will meet its financial forecasts, so you must “hand over the reins” to your management team before taking the business to market.



Of course, depending on your reasons for sale, you may decide that you would prefer to stay on in the business in a particular capacity. In that case consider how you would feel about working for someone else at the helm of your business.

### **How will a buyer maximise their return?**

This is a chance for you to view the attractiveness of your business proposition from a buyers' perspective. I spend a lot of time talking to business owners about this subject, advising them on what acquirers look for and why. Viewing your business through the eyes of potential buyers is a valuable exercise, enabling you to detach emotionally from your business and see it in an objective light. Develop this skill and deploy it often.

### **Is the management team able to continue the business without you?**

You will need to demonstrate to a potential buyer that you have a firm management succession plan in place and that your team are able to continue the business following the sale. It is advisable to identify key team members for succession and provide regular training and briefings to ensure they remain motivated, engaged and on top form.

If you haven't yet created a management team, this is an opportunity to look at the requirements of the business from the perspective of preparing for market; it could be that your priorities will change once you have exit as your main goal. As an example, I recently met with a business owner that had planned to recruit a Finance Director to supplement the Management Team. When he decided to sell the business and looked at how it was going to deliver its projected results, it became obvious that what the business really needed was an experienced Sales and Marketing Director. The existing Accounts Manager was controlling costs but sales were falling due to a lack of sales and marketing – for which the owner was responsible but could not allocate sufficient time. By taking time to assess the underlying situation the owner realised that the business forecasts were unachievable and could take the necessary action.

### **Conclusion**

The decision to sell a business is never made lightly but with objective assessment and time to prepare, you can prepare your business for a successful sale, creating sustainable, transferable value that will realise the results you expect.

For more information on how to proceed, come along to a free Business Masterclass; held throughout the year for business owners considering a sale in the next 1-3 years. To view the schedule and register, click on the following link : <http://www.evolutioncbs.co.uk/events>

## About Evolution CBS

Evolution CBS is a boutique M&A advisory company comprising 3 integrated divisions: Business Sales, Business Acquisitions and Business Growth .

Delivering excellent service combined with the highest degree of professional integrity, Evolution CBS helps business owners to maximise the value of their companies and to realise the best price and the best exit terms when they sell.

To find out more about our services please visit our website—[www.evolutioncbs.co.uk](http://www.evolutioncbs.co.uk)



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