



HINTS AND TIPS

After weeks or months of preparation and negotiation, you have finally done it. You have sold your business. You walk out of your solicitor's office with a smile on your face, a cheque in your pocket and a minor case of repetitive strain injury from signing 300 documents. You are ready for that well earned rest.

But wait. There are a few things to think about first. If you have an earn out arrangement as part of the consideration, you will need to be sure that you know exactly what is required of you and that you keep on top of that. Know the key dates and the triggers for further payments becoming due, so that you don't let things slip.

If you have a consultancy agreement to provide ongoing services to the business you have sold, ensure you are clear on what you have to do and when. If you are staying on as a consultant or an employee in the business, you will also have a big mental task of adjusting to a new position – you will no longer be the boss and that is not always easy to accept. If you are staying, there may also be consequences if you leave in certain circumstances – being a 'Bad Leaver' could impact on your entitlement to consideration.

You will probably have signed restrictive covenants to prevent you competing with the business. Be very clear about what you are not allowed to do, and if in any doubt take advice again before you do anything which might conflict, otherwise you could find yourself in expensive litigation.

Most importantly, bear in mind that you will almost certainly have given warranties as part of the sale agreement. If any of those warranties are found to be untrue, a claim against you could follow. Even if you have put funds in escrow, or there has been a retention, against the possibility of claims, remember that if those funds are not enough to cover the claim, then you most likely remain liable for the rest. The warranties may last for two or three years (or seven for tax issues) and so it makes sense to know how long you have to wait before you are 'in the clear'. It is probably wise not to spend all the sale proceeds on a yacht the day after completion, just in case.

You will, hopefully, have been advised about all of these things as the sale has progressed, but it is easy to forget the detail in the euphoria (or relief) of completing the deal. Refresh your memory every so often by having a look through all those documents you signed, or get your lawyer to send you a checklist of the things, and dates, you need to be aware of.

A FEW THINGS TO THINK ABOUT ONCE YOU'VE COMPLETED



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