



The 11 Commandments

Of selling your Business for all it's Worth

In this e-book, which is part of our Masterclass presentation, we explore the key stages that comprise a business sale and give you the 11 “must dos” (and some “do nots”) you need to consider when you start the journey to the next phase of your life.

Evolution Complete Business Sales Limited
3 Wesley Gate, Queens Rd, Reading RG1 4AP
T: 0118 959 8224. W: www.evolutioncbs.co.uk E: info@evolutioncbs.co.uk



evolution complete business sales

SELLING YOUR BUSINESS FOR ALL IT'S WORTH

Foreword

Selling a business is primarily a sales and marketing activity, not a financial one. After all, you wouldn't put your Accountant or Finance Director in charge of selling your company's products and services, so why would you put them in charge of selling what will often be your largest asset?

Placing the sale of your business in the hands of the wrong people will significantly cost you, not only potentially in terms of the price paid, but whether the deal completes at all.

It's been calculated that over a 1,000 hours are spent trying to sell a business and often the process is fatally flawed within the first few hours.

Most sellers have not sold before; conversely most acquirers have bought before, usually many times. They are experts in this field and so business owners are invariably persuaded to part with their prized asset for considerably less than it's worth.

Five of the eight "acquisition musts" in an acquirer's "handbook" are based on future potential and yet most sellers are encouraged to look back on past financials, rather the potential of the business going forward under new ownership. This book is designed to even up the playing field and indeed even tilt it in your favour as a business vendor.

It will highlight the fundamental flaws in traditional methods of selling a business and also provide you with an outline of what to do to ensure you maximise the value of your business for sale. Not only in respect of the price paid for your business, but also the terms on which you exit.

These "dos and don'ts" have been observations and experiences from over a decade of selling privately-owned businesses. The Evolution team has lead and advised on literally hundreds of successful business sale completions.

The following pages are based on our Masterclass events for business owners

If having read this e-book, you would like to learn more or attend one of our Masterclass events, please [click here](#) or call us on 0118 959 8224. Alternatively, you can email us at info@evolutioncbs.co.uk

Best regards,

Rob Goddard
Managing Director

Preparing Your Business For Sale

“We want you to know all the secrets of successfully selling businesses”



Read on to...

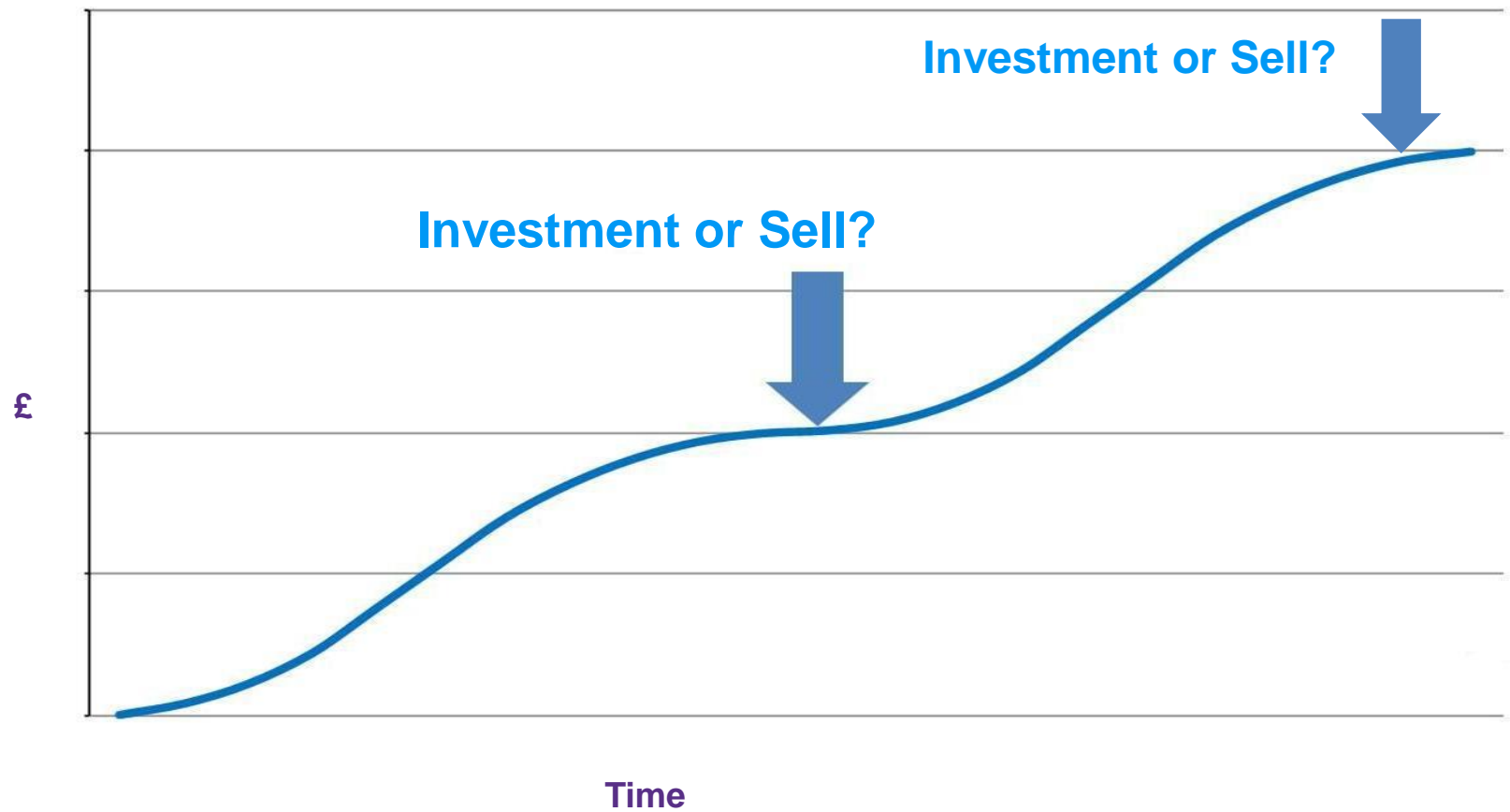
- Receive at least 39 key tips on selling your business.
- Learn the difference between “price” and “value”.
- Discover the 11 “must dos” in selling to maximise price.
- Find out the top 8 motives that acquirers have for buying.
- Know what 32 questions a buyer will ask you.

Top 4 Motives For Sale

1. Time
2. Manager vs. Entrepreneur
3. Change of lifestyle
4. Change of Investment Cycle



Investment Life Cycle



Sell a Business

Grow a Business

Buy a Business

How Likely Is My Business To Sell?

93%

of UK businesses fail to sell

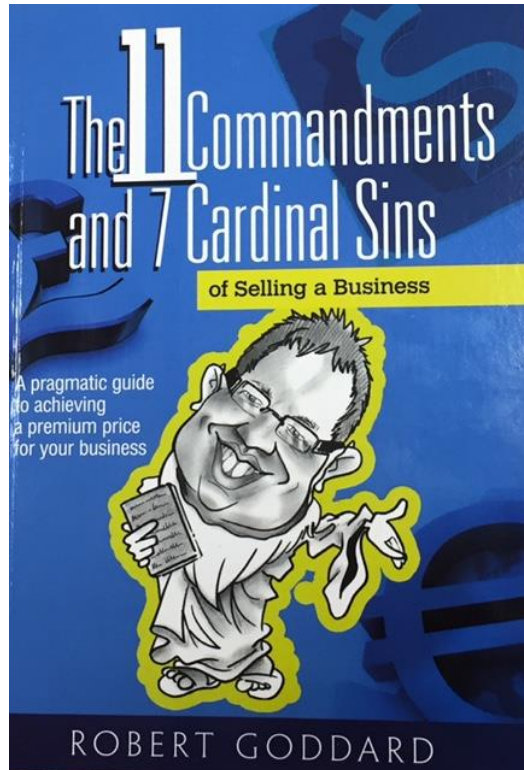
(source: Coutts Bank)

Why So Low?

Primarily because owners:

1. Try it themselves to “save money”
2. Instruct a 3rd party not effective in generating results
3. Have unrealistic price aspirations
4. Are ill-prepared for exit

How Likely Is My Business To Sell?



**Follow the 11
Commandments
You ought to be part
of the
Coutts 7% successes**

**“The 11
commandments
of selling your
business for all
it’s worth”**



The 1st Commandment :

Create Competition/Choice Of Buyers



Approach up to 100 potential buyers.

Conduct comprehensive, targeted research, home and abroad.

Maintain competitive tension throughout.

Generate more than one offer on the table.

Don't go exclusive until you need to.

Create a highly competitive environment to raise offers & terms

The 2nd Commandment:

Be Proactive In Your Marketing

- Contact Private Equity and Venture Capitalists.
- Contact Acquisition brokers.
- Create a compelling sales prospectus.
- Call prospective buyers and sell the opportunity - at least 8 weeks duration.
- Make a minimum of a 1,000 prospecting calls to generate 30 interested buyers, 6 meetings, 3 offers.

The 3rd Commandment:

Sell - Don't Just Advertise!

- Don't just place an advert on a website and wait.
- Create a credible business growth narrative.
- “Sell” the future of your business under new ownership, with financial forecasts.
- Know what buyers will ask and be prepared.
- Focus on motives for purchase, not multiples of profit.

Traditional Pricing Methods Are Flawed Because:

**They are based on past
financial performance,
not future potential**



Traditional Pricing Methodology

3yr av. OP	£800,000
Salary	£110,000
Pension	£20,000
Car/Travel	£10,000
“Directors Whims”	£20,000
less new MD	-£60,000
Total	£900,000
After Corporation Tax	£686,000
PE Ratio	6
VALUE	£4,116,000

Case Study A:

- Supply of plant hire into construction industry.
£5.2m T/O, £170k net profit

What would you offer?

Company A	£1.5m	multiple of 10.6
Company B	£2.0m	multiple of 7.6
Company C	£2.0m	multiple of 11.8
Company D	£2.0m	multiple of 12.8
Company E	£2.2m	multiple of 12.8

Company E SOLD at £2.4m
Multiple of 14.1

Impact On Our Client

- £2.4m less tax and fees netted to £2.1m
- Compared to not selling:

Gross salary £65k

Net salary £40k

Equivalent to working a further 52 years 6 months

Impact On Our Client



"A great relief to Heather and I. Thank you for selling the business for us and it's been a comfort and a pleasure dealing with you."



**Tony Record (former CEO)
Oswald Record Group Chesterfield**

Why Would Someone Buy Your Business?

Acquirers buy for a variety of reasons, not just profit:

1. Client base
2. Future growth
3. Geographic expansion
4. Developed products/services
5. Patents & Intellectual Property Rights
6. Operational and financial synergies
7. Skilled workforce
8. Profitability/return on investment

The 4th Commandment: Always Decline A First Offer

- Acquirers are experienced negotiators.
- 1st offer is never their best offer!



The 5th Commandment: Turn Weakness Into Opportunity

- Buyers look for early wins post acquisition.
- Play to acquirer's ego.
- Early disclosure avoids surprises in “due diligence”.

The 6th Commandment

Invite offers

- There is no set price for your business - it's unique.
- It is worth differing amounts to different buyers.
- Don't leave money on the table!

NEVER, NEVER GIVE A PRICE

The 7th Commandment: Appoint Specialist Advisers

For example:

- Lawyers
- Accountants
- Tax Experts
- Patent Attorneys

Selling a company is a team activity

The 8th Commandment: Ensure What You Say Matches The Paperwork

- Inconsistencies cause buyers to be distrustful of sellers.
- Know your numbers - budgets, forecasts, market trends.
- Don't waffle!

The 9th Commandment:

Be Commercial, Not Emotional

- Selling is emotional, buying is commercial.
- Never take umbrage over criticisms of your business.
- Provide commercial arguments for a premium price.

The 10th Commandment: The Devil Is In The Detail!



- Set timescales.
- Keep momentum in the process.
- Don't get bogged down in unnecessary detail.

The 11th Commandment: Keep In Mind Life After Sale

Remind yourself why you are going through this process



Most common reason for a deal collapsing is...

‘Seller’s Remorse’

About Us



We are a boutique corporate finance company helping business owners to achieve the maximum amount for their companies when they are sold.

Our team has more than 16 years industry experience and their unique blend of skills in finance, sales, marketing and business management create a unique blend that delivers exceptional results for our clients.

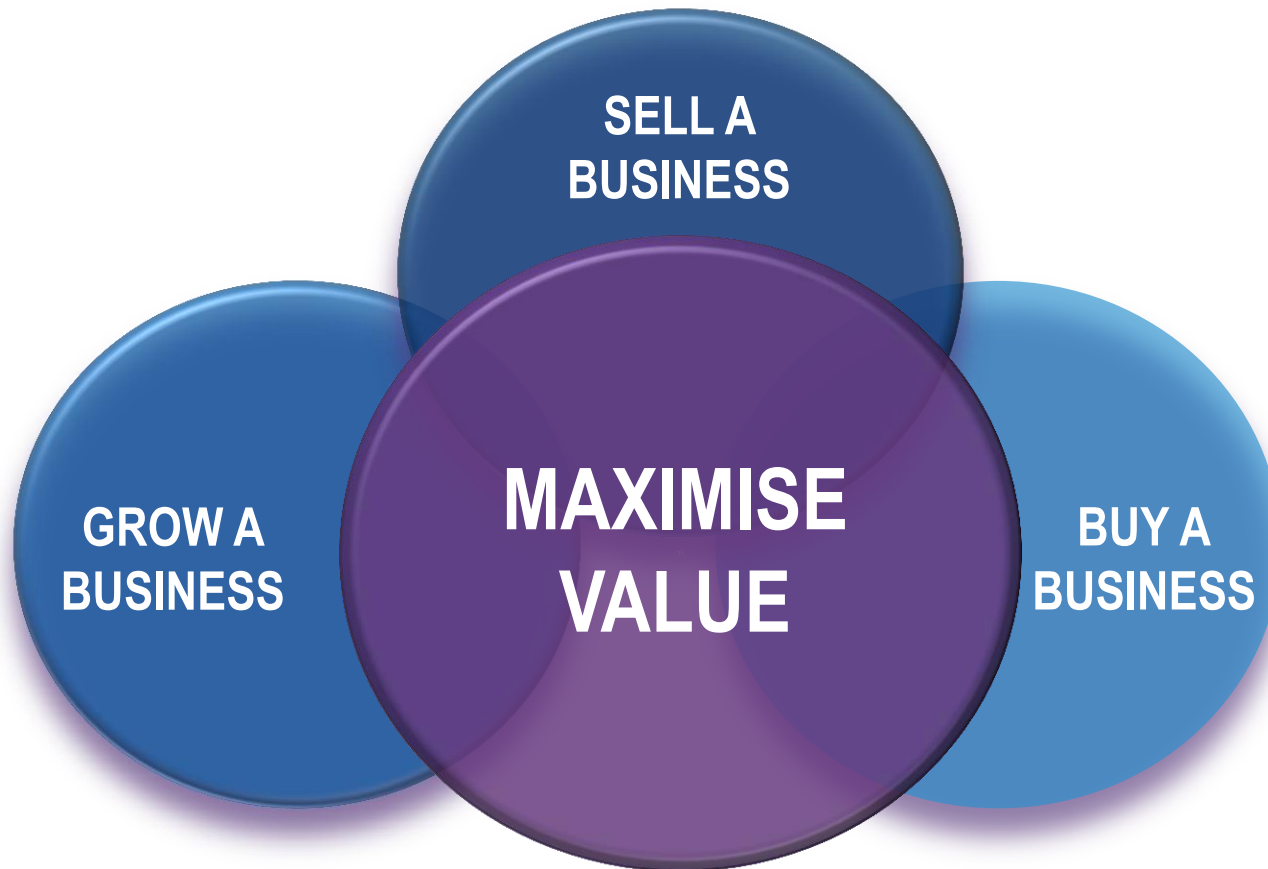
As you'd expect from a company with a long pedigree, we have developed significant resources and methodologies that form the foundation of our services.

Combined with an extensive network of legal and financial professionals, we ensure that our clients receive first class advice and support.

We are absolutely transparent about our services and our charges. Our values of professionalism, honesty and integrity run through every aspect of our business.

Please [contact us](#) to find out how we can help you maximise the value of your business.

The “trinity” of Corporate Finance



International Reach



Sell a Business

Grow a Business

Buy a Business

Timetable for sale

Month 1 30-page business review
Month 1 15-page sales prospectus
Month 2 strategic buyer list of up to 100 companies
Month 2 create a 3-year financial forecast

Month 3 “Dry Run” presentation

Month 3-4

Month 4-6

Month 8-10

Month 10

Support and expertise throughout

Evolution will work for up to a year, to sell your business, for the equivalent of less than £20ph



The Impact Of Our Methodology

Seller	Profit Before Tax	Sale Price	P E Ratio
Construction Equipment	£170,000	£2.4 million	14.1
Environmental	£83,000	£525,000	6.3
IT Services	£432,000	£5.1 million	11.8
Manufacturing Services	£1,060,000	£8.7 million	8.2
Financial Services	£872,000	£7.8 million	9.4
Recruitment/Training	£1,730,000	£14.3 million	8.3
Healthcare	£637,000	£4.2 million	6.6
Translation/Linguistics	£490,000	£3.0 million	5.9

Sell a Business

Grow a Business

Buy a Business

What our clients say....

"...a great relief to both Heather and I. Thank you for selling the business for us and it has been a comfort and a pleasure dealing with you".

Anthony Record (CEO, Oswald Record Group)

"Evolution CBS provide a great value for money 'hands on' business service to Owner-Managed Businesses and Private Clients looking to exit their businesses."

Jim Blake (Accountant)

"At our very first meeting with Evolution CBS, it came across that we were dealing with people who knows their profession well, and explain it in a very informal and comfortable way".

Anthony Browne
(Director, St John's Wood Interiors Ltd)

"I can recommend Evolution CBS for their outstanding service, knowledge and skills when selling businesses. I am happy to recommend them".

Carole Elliot-Smith,
(M.D. Brand U)

"Impressive".

James Caan, Entrepreneur,
CEO Hamilton Bradshaw.

"We are very pleased with Evolution and the service you provided".

Aneesa Verjee-Lorenz, MSc
(Director, PharmaQuest Ltd)

"An experienced, knowledgeable, trusted business advisor and a go-to expert if you are selling your business".

Ian Brent (Partner, DAC Beachcroft LLP)

"Fantastic service matched by expertise and integrity. I would recommend Evolution to others, their business guidance to clients looking to sell is invaluable".

A Petty
(M.D, TGWC Ltd)

"Having Evolution handle the marketing process has enabled me to continue running and growing the business over the past 10 months which has proven to be critical in terms of exit value".

David Gould (CEO, Canby Ltd)

Next steps?



FREE BUSINESS VALUATION

You could double/treble what your business
is worth in the future!



www.evolutioncbs.co.uk/book-a-free-business-review

or call 0118 959 8224