



# BEARDSLEY THEOBALDS

## WE SELL BUSINESSES

### **How do I get the best deal when I sell my Business?**

I'm Ivan Smith. I've valued thousands of businesses over the years and so, of course, I realise how important to you this matter of selling your business is. Ideally, a business should be prepared for sale, the business equivalent of course of preparing a house for sale and hopefully there will be sufficient time also to choose the timing, which can be very important in getting you the best deal. When people first speak to us about the possibility of selling their business whether they're thinking in terms of perhaps a sale in a year or two's time or whether they actually have an urgent requirement to sell the business as soon as possible, it's the same issues which keep coming up time and time again. There are about 5 or 6 of them that almost all business owners mention and the purpose of this video clip is to give you the benefit of our experience and advice on those matters. The first of which is almost always this matter of confidentiality. Ideally, most business owners would like to sell their business without anyone knowing that it's for sale. Interestingly, in the vast majority of cases they achieve that. We're used to working in that environment and there are various things that we can do to limit to an absolute minimum the possibility of the wrong people finding out and right from the beginning you'll be dealing with a director of the company. Your first telephone conversation will be with a director, the valuation will be carried out by a director and of course our staff are used to working in that environment and perhaps the best safeguard that you have is that before your business goes on the market you will have approved everything that we are going to use and what we are going to say to people in the marketing of your business for sale.

### **Choose the right agent.**

Another issue at the forefront of most peoples minds is this matter of trying to choose an agent. It's not easy. There are so many agents out there, they vary so much in terms of the types of businesses they sell and their methods of doing business. Some of them will specialise in a certain sector or a geographical area, some of them will sell almost any type of business and with a wide price range. For example, we sell businesses which we would broadly describe as commercial, industrial or business services businesses, the sort that typically you might find on an industrial estate or operating from offices, the office may even be at home, for example, or from fleets of vehicles. What we don't sell are shops, restaurants, cafes, pubs, hotels, care homes and so on. Therefore, over the years we've built up expertise in the valuation of such businesses and also we have a big access to market because, of course, people know that these are the sorts of businesses which we sell so they come to us for these types of businesses. My advice to you would be: choose the agent who you think will do the most thorough and professional job for you. Don't necessarily choose the agent that simply happens to have quoted you the highest value for your business or the lowest rate of commission!

### **How is my Business valued?**

Another issue, of course, is what is my business worth and how is it to be valued? Business valuation is not an exact science. It's worth what someone will pay you, but unfortunately everybody uses this word valuation which implies a precision and a certainty which frankly doesn't exist. The object of the exercise at this stage is to determine whether the market is likely to pay you a price which would be acceptable to you and if so at what price your business should be marketed. No two businesses are exactly the same. The valuation of a business has to be carried out individually. So if you hear anyone who advises that a business is worth some ratio to your turnover, your profit or whatever they're misleading you, whether with intent or not. I've valued so many businesses over the years that I've valued many businesses which are very similar one to the other, but I've never seen two that are exactly the same and always the differences between those businesses, however slight they are, are likely to affect the price which will eventually be achieved and indeed, over the years, we've sold a number of businesses on two or three occasions and our experience on the second or third occasion is different from the previous occasions. The most important thing with this business of valuation is that you have advice from someone who has looked at your business thoroughly and given you advice with hopefully an upper and lower limit, a degree of probability and also the reasons why he or she thinks what he or she thinks. Only then will you be in a position to know whether that is acceptable to you and whether you've been given the right advice.

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### **How much will it cost?**

Sooner or later you're going to want to know how much you're going to be charged for the sale of your business. The most important thing I can tell you is that we will only charge on a no-sale no-fee basis. You will not be asked for an up-front sum or to pay for any part of the marketing. Despite this, we do give a guarantee that we will continue to actively market your business and try to find you a buyer however long that takes. There are no budget limits or time constraints on that. The amount of commission on a sale that we'll charge you will depend on one or two different factors, which of course we can discuss with you when you contact us.

### **What will you do for me?**

Of course, you're going to want to know what we're going to do for you in this process of trying to find you a buyer. Perhaps the most important thing that we do is that we commit, right from an early stage of conducting that valuation for you and advising you on the timing and other matters, through the marketing and the negotiation stage – a commitment to thoroughness and professionalism until we've achieved what we can advise you as being the best deal that the market is likely to give you. During that process a lot of things will happen, some of them more or less automatically, some of them by choice with yourselves. Your business will be made available, of course, on this website and others. It will be made available to those people who are on our database of people looking to buy businesses such as the ones that we sell. There are various other options which we will discuss with you and agree whether or not we're going to use them. Whether or not we're going to approach people within your trade for example. If we jointly agree that a trade buyer is quite likely, that's something we need to discuss, whether we're going to do it, how we're going to do it. In many ways the most important aspect of what we do is actually at a later stage with the negotiations. Most agents, from what I understand talking to so many business owners over the years, actually do not negotiate in a way that we regard negotiation. They'll pass on offers and they'll report back what the owner of the business says. We believe that is not negotiation. The purpose of our negotiation is to take a person from their initial offer, which is most unlikely to be their highest offer, through to a point where they have made their best offer. And then our advice is whether or not that offer is likely to be the best that the market will pay. If we've got a deal agreed at that stage, and that may be a deal on a better basis than we could have anticipated but if it is what we consider to be the best deal and you've accepted that advice, then to monitor that process because of course a sale agreed is not a sale. It only becomes a sale once you've exchanged contracts and completed the sale. There are many issues involved in what we do for you and, of course, they can't all be dealt with in this video clip. Give us a call. We're happy to talk to you over the telephone. We're happy to talk to you further if we come to see you or if you come to see us.

### **What next?**

I realise, of course, that you'll have lots of issues that I haven't discussed here. Some of them are probably quite personal, but if you're thinking of selling your business and if you think some of the things that I've said in this clip are important, why not just pick up the phone and give us a call. Please ask for one of the directors.