10 important points when considering business transition

1. **Clearly define your goals, objectives and timeframes.** It is critical you understand what your priorities are as it will influence any subsequent plans.

2. **Consider what you will do 'post transition'.** Do you want to stay with the business, make an immediate departure, or somewhere in-between? Is retirement really for you? Many ex-business owners feel stranded post sale.

3. **Have up-to-date information.** Robust financial information should be available for the previous three to five years, as well as your 'year to date' management accounts. A detailed business plan and quality budgets or forecasts will assist you and your advisors gain an accurate view of your business prospects and range of values.

4. **How do I kick-start the process?** Start by engaging a qualified and professional advisor to help guide you through this complex process - a small investment in advice at the outset makes for a much smoother process. A specialist advisor can form a team working alongside your existing advisors (lawyers, accountants etc) and will provide the specialist advisory and transactional services required to achieve an optimal outcome.

5. **Develop a tailored transition plan.** A specialist advisor can help match your objectives with a tailored transition plan to get the job done and help you to achieve your goals.

6. **Who is going to buy my business?** You may have some ideas already and your transition advisor should have a network of qualified buyers – national and/or international - actively seeking quality business opportunities.

7. **How do I get the best price?** It is essential you have realistic expectations of the value of your business – your advisor should have access to data on current relevant transactions and an understanding of the factors that will drive value. With your advisor, you can work out what practical actions you can take to maximise value – e.g. mitigating business risks (IP protected, systems documented, managing key person risk, key supplier and customer contracts etc) and how to communicate value to prospective purchasers. Use of different deal structures can bridge value gaps.

8. **How will I protect confidentiality?** Remember confidentiality can never be guaranteed – your best protection is agreeing a suitable approach to releasing confidential information with your transition advisor especially where information may be released to competitors who are often potential buyers. At a minimum, always use a comprehensive confidentiality agreement for all prospective buyers.

9. **Prepare yourself for a process that can take 6 months or more.** The sale process can often be stressful and time consuming. Your transition advisor should support and guide you through the process to ensure that you are not distracted from running the business in the meantime.

10. **Who will help you with your financial affairs, both during and post transition?** This may be your existing advisors – you will need to consider what the most tax-efficient structure is to maximise sale proceeds and how you will subsequently invest them.

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