



CORPORATE AND COMMERCIAL

A Prescription for Success - Top Tips for Preparing your Pharmacy for Sale

by **lk-shields**

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Deciding to sell your pharmacy can be a daunting and emotionally charged decision which understandably generates a myriad of questions.

LK Shields has extensive experience in advising pharmacy owners on the successful sale of their businesses. Below are some tips on preparing your pharmacy for sale to help maximise value and ensure a smooth sale process.

1. Financial Information

Keep accurate, current, monthly financial statements since these provide a window into your business which will be far more useful than annual accounts to a buyer. This will make a strong first impression that the business is well run.

2. Company Books and Filings

Make sure all required company filings and the company's statutory books are up to date. If unsure, consult with your accountant or solicitor about this. Again, this instantly helps provide a positive impression to a prospective buyer.

3. Existing Arrangements

Review agreements with key suppliers and any branding arrangements to check that these are in force and to identify whether any consent or notification is required from a third party for the sale of the pharmacy. This will be of core importance to a prospective buyer.

4. Employees

To the extent possible, check that properly executed and enforceable employment contracts are in place with your staff. This will be a key aspect of any buyer's due diligence. To the extent that the supervising pharmacist(s) will be staying on following the sale, a prospective buyer will want to ensure that their contract of employment contains a non-compete provision.

5. Premises

If you own the pharmacy premises, ask your solicitor or accountant to check that all relevant title documents are in place. Following any sale, you could consider leasing the premises to the pharmacy's new owner. If the pharmacy is leased, check the term on the lease and whether you are acting as guarantors. If so, you will need to be released as guarantors when the business is sold and the incoming purchaser may have to provide a substitute guarantee. Ensuring satisfactory title or security of tenure for the pharmacy will be a fundamental requirement for a buyer (and if relevant, their lender). Having the necessary documentation

available at the outset will give the buyer comfort, and help speed up the sale process.

6. Insurance

The prospective buyer will want confirmation that all relevant insurance policies are valid, as well as details of any ongoing claims. Collate the relevant insurance policies and ensure that they are in force with all premiums paid.

7. Confidentiality

Keep your plans for the sale firmly under wraps so as not to unsettle staff or alert competitors as this could ultimately impact on value and the desire of a buyer to do the deal.

8. Expert Advice

Getting experienced legal and financial advisors on board at the outset will help immeasurably. The sale of a pharmacy business contains a number of complex aspects (tax efficient extraction of cash for the owners prior to sale, warranties and limitations, regulatory notification with the HSE and PSI, non-compete provisions and completion accounts mechanisms to name but a few) where retaining seasoned advisers will ensure that the sale process is efficiently managed and that you get the best possible advice.

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About the Author