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Selling a Business

by Ruairí Mulrean

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Ruairi Mulrean provides some top tips to business owners on how to prepare a company for sale.

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Selling a business is a major event in the lifecycle of ownership of any company and, sometimes, the final act. In many cases the seller has, through their own hard work, built the business from the ground up. While there is much to be gained, some sellers may experience regrets post-sale where they have not achieved the desired outcome. It is important that the seller gets the best deal they can for a business in which they are often emotionally as well as financially invested. Here are some tips on how to prepare your company for sale to ensure a clean exit and avoid seller's remorse.

- **Get motivated and give yourself adequate time** – don't underestimate the amount of time and effort that it will take you to prepare your business for sale. Depending on size, there could be a long lead in time from the decision to sell and actually selling the business. Taking time to prepare a company for sale will result in a smoother and quicker sale process.
- **Review existing arrangements** - Enhance the value of your company by reviewing and, where necessary, re-negotiating key agreements. Steps such as negotiating better credit agreements or customer and supplier contracts can greatly add to the value of your business.
- **House Keeping** – make sure all your paper work is up-to-date and in order. Buyers will want to see the accounts for the last 3 years as well as various legal documents including property title documents, customer and supplier contracts, tax and accounting records and statutory books and registers.
- **Make a good first impression** – in this regard selling a business is much like selling a house. Buyers will form an opinion of you based on the state of your premises, record keeping, website and marketing materials. Making small improvements in these areas can have a big impact.
- **Understand what you are looking for in a buyer** – the sale process is a two way street. You need to be clear as to what your objectives are and what you want to get out of the deal. If it is clear from the outset that you and the potential buyer are worlds apart in terms of expectations, it will be very difficult to negotiate a successful deal.
- **Keep it quiet** – if rumours of a sale start to spread among staff, customers and suppliers it can have an immediate negative impact on your business. Key staff might leave, customers could cancel contracts and very quickly your business could drop in value. It is wise to put in place a confidentiality agreement with any potential purchaser, particularly where you will be sharing sensitive commercial information about the company.

Get experienced advisors on board early in the process – getting good professional advisors, including a solicitor, involved at the outset will help in the long run. Although every deal is unique, they all have common elements and your professional advisors will help you every step of the way ultimately ensuring that you get the best deal possible.

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About the Author



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