



THINKING OF
SELLING YOUR
BUSINESS?

THE TOP 12
QUESTIONS
ANSWERED

The background of the top section is a light blue-tinted photograph of classical architectural columns. The columns are fluted and have ornate capitals. The lighting creates strong shadows and highlights, giving a sense of depth and grandeur.

SELLING THE
BUSINESS:

THE TOP 12
QUESTIONS


RICHMOND
CAPITAL PARTNERS LTD

Creating Real Wealth

For many, the sale of a private packaging company is the culmination of a lifetime's work. More often than not, this will be a once in a lifetime transaction - with just one opportunity to get it right.

This publication contains answers to the 12 most frequently asked questions put to Richmond Capital Partners about selling a packaging business.

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When is a good time to sell my business?

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How much is my business worth?

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How long does it take to sell a business?

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Do I need any preparation?

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Can I sell the business discreetly and in confidence?

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What are the risks?

1) When is a good time to sell my business?

Timing, of course, is vital.

An objective overview should be taken of your business, the industry sector and the overall economic picture, to assess if and when it is a good time to sell. Some circumstances make it easier to sell a business regardless of timing - for example, if you operate in a niche market with good contacts or have an excellent customer base.

Almost without exception, a good quality business should sell. Richmond Capital Partners can undertake such a review for you, and if we think the timing is wrong, then we'll tell you. We have built our reputation on providing realistic, quality advice and not on chasing goals for short-term gain.

2) How much is my business worth?

There is only one way to accurately value a business - sell it! All other methods hold a degree of subjectivity, not least because they involve taking a view of the future and logically, not everyone shares the same view.

However, to assess the value of your business, you need to consider a number of factors; track record, future potential profit trends, competitors' actions, net assets, plant and property values.

Additionally, the most recent deals in the same sector give a useful indication of the price that potential buyers might pay, this information will be provided by a dedicated Valuations team. Our intimate knowledge of the industry is your assurance that the Valuation will be sound.

Richmond Capital Partners experience of selling packaging businesses, allied to the knowledge we have of sales across the packaging industry, enables us to give you a good indication of how much your business is worth.

3) How long does it take to sell a business?

Typically, the sales process takes four to six months. However, there is no given formula to predict how long it will take; some businesses sell in a matter of weeks and others take much longer.

Once your personal objectives are clearly defined and the key business issues identified, you should be able to gain a frank assessment of the timescales involved.

Whatever the time frame, you need an advisor who will stay involved throughout, enabling you to continue running the business right up to completion, ensuring that you fully realise the value of the business.

4) Do I need any preparation?

Owners are able to significantly impact the price achieved upon sale by careful planning. It is never too early for a business owner or owners to start to plan for the eventual route out of, or succession to, the business. All businesses need to consider how best to position themselves to maximise the value or benefit to the shareholders.

Apart from the obvious need to sell a business at the point in the economic cycle when company disposals are likely to be successful, owners need to ensure the business is appropriately 'groomed' for exit.

We will assess when the business is ready to sell and provide advice on the practical steps that you may need to take in order to help maximise value.

5) Can I sell the business discreetly and in confidence?

Yes, in all likelihood, but confidentiality is vital; a fine balance is needed between preventing knowledge of an impending sale leaking to customers and staff and at the same time ensuring that they don't hear the news second hand. Both scenarios can be damaging to goodwill and loyalty.

Richmond Capital Partners recommends, and can help you put in place, a communications plan to pre-empt any such eventualities.

6) How do I find a buyer if I don't advertise?

The answer is that you don't, but we do through a number of sources.

We have an in-depth knowledge of acquisitive companies in the industry, and are in regular contact with our extensive network of contacts across the country and world-wide. Additionally, we employ dedicated research analysts to track deal activity.

We know who is going to be interested in buying your business.

7) How does the sales process work?

The sales process typically goes through a number of stages:

Planning and preparation

Valuation, preparing the business for sale, drafting an information memorandum about the business, researching potential purchasers;

Marketing and negotiations

Distributing the information memorandum, evaluating interest levels, receiving offers, negotiating and reaching agreement in principle;

Contracts and completion

Contract drafting by lawyers, final tax restructuring, overseeing purchaser's due diligence, completion of sale.

8) What do I need to tell a buyer?

Great care is required in preparing an information memorandum and controlling the release of information to prospective buyers. Too little or too much information, or the wrong emphasis in the wrong place can have adverse consequences.

During a sale, when Richmond Capital Partners manages the transaction, purchasers are provided with sufficient commercial and financial information to enable them to determine the amount that they are prepared to bid for the business.

9) What about my tax position?

There's good and not-so-good news. The not-so-good news is that the sale may result in a capital gain for tax purposes. The good news is that a relief has been introduced which operates to reduce the marginal rate of tax in respect of capital transactions. The tax rate will depend on how long you have held the shares and whether they qualify for business asset or no business asset taper relief.

With careful planning the tax charge may be deferred or reduced.

The deal management team can introduce you to dedicated tax specialists whose job it is to ensure that you are left with the maximum net proceeds.

10) What about my role, and that of my workforce, after the sale?

Your position depends very much on your own wishes and the requirements of the buyer; it is not unusual to have a hand-over period but the length of time can vary enormously.

If you have strong views on what you want to do, then these can be incorporated into the discussions at an early stage.

Like most employers that we deal with, you will probably feel responsible for your employees. However, agreeing provisions to safeguard employees' interests, over and above statutory entitlements, is not always easy.

One of the best ways of ensuring a satisfactory outcome for your employees is to make sure that the business goes to the 'right home'. Assessments of prospective purchasers will help you achieve that.

11) When do I get the proceeds of the sale?

You can receive the proceeds of the sale in a number of ways - for example, cash, loan notes or shares in the purchaser - which will need to be established. However, unless the deal is subject to an earn-out (that is, when the price is linked to future profits), a significant amount (if not all) of the proceeds should be handed over to you on completion of the sale.

12) What are the risks?

There will always be risks associated with selling your business. Perhaps the most common is committing time and expense if a deal aborts - for whatever reason.

However, working with Richmond Capital Partners ensures an independent and honest assessment of the risks and rewards right from the start. At all times, you remain in control of the transaction and can put a hold on the deal if your situation changes during the sales process.

The principal risk is underselling your business and that is one risk we will try to ensure you don't take.

ABOUT RICHMOND

As industry specialists with over 30 years experience Richmond are the natural choice when considering the sale of your business.

We are industry specialists in mergers, acquisitions, disposals and joint ventures and have a wide network of contacts to make your sale go smoothly.

Our people are highly qualified, accredited and are steeped in industry knowledge - put simply we do not work in any other sector.

We offer good, sound strategic advice from professionals who know what this means to you - after all, you only sell a business once, or maybe twice, in a lifetime!

Our services are ethical, discreet and confidential.

Why not discuss the sale of your business with us without obligation?

Simply contact us to arrange an informal discussion. The address is on the back page.

Alternatively, ring me personally. Your business is important to us so speak directly to me if you wish. Ring me on my mobile anytime **in absolute confidence**. My number is 07050-108359

Yours



Paul Holohan
Chief Executive

PS There has never been a better time to sell your business. **Interest rates have been falling and buyers are waiting** so this could be your opportunity to realise your wealth.

THE SALE PROCESS

1

Appoint an advisor with the relevant skills and industry knowledge

2

Value the business and discuss options

3

Prepare Information Memorandum and marketing material

4

'Groom' the business for sale

5

Keep the business going

6

Sell, sell sell!
Negotiate via advisor maintaining confidentiality

7

Celebrate!

The logo for Richmond Capital Partners Ltd features a small yellow triangle above the word "RICHMOND" in a large, blue, serif font. Below "RICHMOND" is the text "CAPITAL PARTNERS LTD" in a smaller, blue, serif font. A thin yellow horizontal line is positioned below "CAPITAL PARTNERS LTD".
RICHMOND
CAPITAL PARTNERS LTD

Creating Real Wealth



Specialists in Print, Packaging
and Direct Marketing

 **RICHMOND**
CAPITAL PARTNERS LTD

Creating Real Wealth

MERGERS • ACQUISITIONS
DISPOSALS • JOINT VENTURES

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