

Client: Hamilton Bradshaw
Source: Evening Standard (Main)
Date: 09 March 2015
Page: 48
Reach: 824515
Size: 149cm2
Value: 11480.45



HAMILTON BRADSHAW
Investing in people with passion

Selling up is no walk in the park so put yourself in the buyer's shoes

Ask James



James Caan

Dear James

I'VE been thinking about exiting my business but I'm not sure whether I'm ready to sell or not. What advice could you give me?
Martin Chiles, Kilburn

WHETHER you're ready to sell your business or not is a decision only you can make. Generally, the decision is driven by the circumstances of the founder. It could be personal, or for commercial reasons, or just that your interests and aspirations in life have changed. Whatever your reasoning, planning an exit isn't a walk in the park. You need to put yourself in the potential buyer's shoes.

One of the key things to remember is that most decisions related to buying a company are based around the management of that company, so while the business itself is very important, generally a buyer will get excited about purchasing your business because he is impressed with the management team. So you need to make the right management team available to the buyer as a prerequisite.

But you need to find the right balance because the management team cannot be so critical to the

business that without them it would fail. As a buyer, when I'm looking at a business, typically I tend to meet two or three people. But if my overall evaluation is that those people are so entrenched in the business that the business is dependent on them, then I walk away.

Once you have identified a potential buyer then you need to start thinking about your finances. Consider how concentrated your income is with certain customers. If more than 50% of your revenue comes from a handful of customers, then you're probably not ready for an exit. The valuation you would get would not be maximising the value of the business, because the buyer would be too concerned that it is skewed towards too few customers.

■ *For more expert advice, follow James on www.linkedin.com/influencer/jamescaan*