



What does a professional Business Brokers do?

Mergers and Acquisitions is an industry that not everyone is familiar with and to make an informed employment decision. You must have a clear picture of the day to day responsibilities of a full service investment banker. For this reason I have outlined below the key responsibilities I personally undertake on a regular basis, in order to facilitate the sale and purchase of a business. The following list is loosely sequential; these stages will at times overlap or even be repeated.

Initial consultation

The purpose of the initial consultation is to enable both the seller and myself to establish whether or not there is the possibility of establishing a successful working relationship. Assisting the seller to quantify their motivations and objectives is a significant step. As we will be working very closely together it is essential there is an element of rapport; to achieve the best outcome, we need to be on the same team.

Formalizing the relationship

Once the seller is secure in the knowledge that I can best represent their interests, we formalize the relationship through both signing a listing contract. The listing contract outlines the terms and conditions of our working relationship.

Consultation and education

Quite possibly, the seller has never sold a business before and therefore does not know the journey that we will be embarking on. In my experience when someone doesn't know what to expect they become stressed or anxious, to negate this I use a consultative approach. From the outset the seller is kept fully informed of the process, including what my role will be as well as their own role and that of their solicitor, accountant and possibly financiers.

Determine an appropriate price for the business

Using all the resources at my disposal I will appraise the business and demonstrate to the seller what an appropriate asking price for the business is. Taking into account their views, together we make a decision.

Prepare the documentation

After carrying out comprehensive research, an in-depth Business Information Memorandum is compiled and submitted to the seller for their approval. Only once this has been approved by the seller will it be made available to qualified buyers. Because this is compiled in consultation with the seller, they feel in control and at ease with the level of disclosure.

Prepare the business for the market

I advise the seller on how best to prepare their business for the market with the aim of achieving the maximum return possible from the sale. This may include business physical, personnel, or record preparation among other things.

Establish and implement the marketing strategy

The marketing strategy I establish will depend on the target market, that is, the type of buyer that is most likely to be interested in this business. It is crucial that the strategy implemented is appropriate to the business, that it provides the best exposure and most importantly makes the buyers ring. If that's not happening, the strategy needs to be reviewed.

Find and qualify buyers

It's not enough to passively sit back once the marketing strategy has been implemented and wait for the buyers to phone. While some buyers will respond to the marketing exposure, others have to be more actively sought. It takes incredible tenacity to ensure that the business has been exposed to everyone who has the ability to make a purchasing decision. My role is to find not just any buyer, but to find the most suitable buyer for the business.

Advising buyers

Like the seller, the buyer may have never been through this process before therefore educating them about the various stages will help them in their ability to make decisions. Interested buyers are interviewed and qualified prior to receiving any information of a confidential nature. Once I have established that they have the necessary capacity and are in a position to make a buying decision everything possible is done so as to assist them in making that decision in a timely manner.

Structuring and negotiating a contract

I then draft the offer on the buyer's behalf, structuring a deal that best represents a practical workable solution for both parties. Negotiation between the parties is likely prior to a conditional contract being formed. This stage may be particularly stressful for people and again I find by keeping everyone informed as to exactly what is happening I am able to negate some of the pressure.

Proactively assisting with due diligence

Once a conditional contract has been formed between the seller and buyer, I assist with the due diligence process. From experience I have learned that a proactive approach is best to keep the deal moving forward - time being of the essence. This means I will be talking with the seller, the buyer and their respective legal and/or financial advisors on a daily basis. I will ensure that all parties have the documentation if and when required and that everyone is aware of important dates for fulfilling conditions. Nothing is overlooked or assumed. When the buyer has satisfied all conditions they are able to declare the contract unconditional.

Facilitate the change in ownership

Between the unconditional date and settlement/possession dates there are many things to be considered by both the seller and buyer. Again, experience shows that to ensure the succession from seller to buyer is as smooth as possible it pays to be involved. I provide assistance and advice as needed, outlining who is responsible for what and what needs to be done. On the actual handover day, I will be on-site coordinating activities and also on the phone talking to both solicitors to confirm settlement has taken place.

Follow-up

After the buyer has taken over the seller will stay on for a period of vendor assistance as specified in the contract. It depends on the actual business as to how long this period is, at times the buyer quickly feels confident in their ability and it is enough that the seller is available by phone after the initial on-site training. Through this period I will continue to stay in touch with both parties.