

Buying and Selling of Businesses

Buying or selling a business is a unique transaction as no two businesses are ever the same and no two buyers are ever the same.

The checklist that you complete is the initial information we require. You must ensure that this information is provided accurately as it forms the basis of the initial valuation and marketability of the business.

The right buyer should be the buyer who is both prepared and able to pay the maximum price or deliver the maximum value to you through the structure of the transaction that varies in each and every case.

We maximise value for our clients and this is achieved through proactive marketing and seeking out qualified buyers for whom the company offers the highest value. We do this by:-

- Working closely with vendors to understand their business and their market place.
- Drawing up a profile of potential purchasers most likely to acquire the business, we hold substantial databases in-house for ALL sectors.
- Researching databases of UK (and overseas) companies to identify specific potential purchasers.
- Preparing professional and adequate sale documents
- Approaching typically hundreds of potential purchasers as parts of a structured marketing programme that may also include advertising, mailings and internet marketing.

We operate an advanced confidential distribution of information to potential purchasers with full traceability and accountability to our clients. All information is stored in secure folders on our Web Server, the content of which is agreed with clients at inception.

The procedure is operated through a series of emails: -

- Agree a confidential email address with the client, who is then copied with ALL emails that are transmitted.
- Once we receive an enquiry a confidentiality agreement is sent out.
- Client will agree or otherwise the interested party can receive the information.

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- A password and user name is issued on an individual basis that gives access to the information on the Server. The user can also allow their advisers access to the information.
- Information is often held at three or four levels of security.
- Level One will typically hold information that is in the public domain and a resume of the historical accounts with sensible add-backs and the like.
- Level Two will provide detailed accounts and details of clients on a no-names basis.
- Level Three & Four will contain details on customers, banking and often due diligence type information.
- At ALL levels our clients are aware of where we are with all purchasers without the need to ask

Our modus operandi we believe is unique to Lomax Corporate Consultants & Mark Dunn Amalgamations

We will undertake a financial valuation of the business based upon the information available about its performance to date and its future prospects. This will produce a range of values that form the baseline valuation. This would then be used as the basis for the asking price for traditional business broking if we were to release it. In the main we invite offers over a certain value.

Our experience has shown that a business can attract a large range of offers, based upon the same information provided to all bidders. This is because the value to a potential purchaser is not necessarily a financial calculation, but is the fit to their existing businesses or future direction.

We have the experience to appraise the business from the perspective of the potential buyer who wants to increase their shareholder value once the business is theirs. This enables us to assist the seller to:

- Demonstrate to purchasers the underlying potential of the business which may not be factored into their offer price.
- Demonstrate to the potential purchasers those areas of the cost base that can be reduced under their ownership.
- Provide the facts to support the final negotiations about the offer price and conclude contractual negotiations.

Our role does not end with introducing buyers or agreeing a price for your business. Obtaining offers is only part of the battle. Negotiating what is and is not included in the offer, the structure of the transaction, the timing and method of payment and the

nature and extent of due diligence and then managing the process through to completion is a time consuming and complicated procedure.

We believe that our clients should provide maximum disclosure to purchasers at the correct time. Failure to do so gives purchasers the opportunity to reduce the price every time that they find something out.

We work with your legal and financial advisers to reduce the pressure on you and see the deal through to a successful conclusion as you must concentrate on the minimum disruption to your business.

How long it takes to sell a business depends on how quickly the vendor can collate all the necessary documents and how smoothly the negotiating process takes place once the potential buyers have been found. A transaction is seldom completed in less than six months from receiving instructions and more usually would take six/twelve months. In our opinion the timescale has doubled over the last five or six years. Selling a business takes significant effort, often over a period of many months, on the part of both the buyer and the seller

The Senior Partners support clients through this process on a personal basis. Clients will always have direct contact at Partner level for the transaction. You will not be dealing with junior members of staff as often is the case elsewhere. In addition you can have out of hours contact as a matter of course. We believe in effective communication during the sale process. We will maintain contact with professional advisors such as accountants and solicitors to ensure that progress is made and momentum maintained.

Our whole ethos to selling businesses is based on maintaining confidentiality. Initial contact with clients by us is on a 'no obligation' and confidential basis.

Once engaged as a client, we manage the release of confidential information relating to the business during the sales process in a structured and controlled manner.

Confidential information will not be released without client approval, as illustrated above. The objective is to only release increasing levels of confidential information necessary to progress the deal.