

WHEN IS THE RIGHT TIME TO SELL?

GM^cG Directors Robbie Milliken and Lyn Canning Hagan discuss some of the key Corporate Finance and Tax related considerations for business owners.

In 2020 and 2021 leading business advisers GM^cG Chartered Accountants advised on 24 transactions across a range of sectors to buyers based in Ireland, the United Kingdom and internationally. The deals included the disposal of eleven SME businesses, eight acquisitions as well as five management buy-

outs ("MBOs"). This resulted in GM^cG Chartered Accountants being ranked the Number 1 Corporate Finance Adviser in Northern Ireland in the 2020 Experian Deal and Adviser League Table for M&A Activity and Number 4 in the 2021 Experian Deal and Adviser League Table. Key to this success has been

the experience and expertise of GM^cG's Corporate Finance and Tax teams, combining to deliver the best possible outcome for businesses and their owners. For business owners considering a sale or MBO, a common initial question is 'When is the right time to sell?' Robbie Milliken, Director of GM^cG's Corporate Finance

team, shares his insights into how businesses can best approach this question: "Business owners should constantly keep their exit strategy and succession planning under consideration as economic and business landscapes continue to evolve. In addition, the length of time and often emotional

energy required to sell a business can be underestimated and it is imperative that the owners continue to focus on their key operations to ensure they maintain the value of the business.

As a result, careful strategic planning is required to maximise the return and to ensure a smooth process to a successful completion. It is important for the owners to understand their core value drivers, such as key contracts and recurring revenue and take steps where possible to protect these.

In addition, a well-prepared information memorandum highlighting the key attributes of the business supported by well-presented financial records and other key documentation are crucial to the successful completion of a transaction."

When considering an exit strategy the owners should take time to consider who may be interested in acquiring their business. GM^cG has a proven track record of successfully identifying potential acquirers using its strong network of contacts locally and further afield as well as being able to access members within the TAG Alliances Corporate and M&A Group, a worldwide Alliance of Independent Accounting Firms (TIAG®) and Independent Legal Firms (TAGLaw®).

Furthermore, it is not uncommon for the buyer to be a business well known to the owners. Robbie Milliken adds: "In many cases well known competitors and key suppliers have



Lyn Canning Hagan, Director, Tax & VAT Solutions

been in contention to acquire the business. Additionally, where a strong management team exists, it is natural to consider an MBO in the first instance, especially if the management team is comprised of family members of the current owners. This is a predominant feature of many Northern Ireland SME businesses."

Regardless of the exit strategy, be it a sale to a third party or an MBO, it is crucial that the owners consider their business from the buyer's viewpoint. This should involve undertaking a robust market analysis and a realistic assessment of market share, growth, competition response and underlying economic conditions as well as the senior management team's ability. This will be key to helping the owners develop a realistic valuation of their business.

Business owners should also review the tax implications of a sale as part of their exit strategy and understand the importance of involving a corporate tax adviser early in the strategic process.

experience in M&A transactions and corporate re-organisations at the various stages of a transaction itself is also important; from the Heads of Terms, through the due diligence process to the

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GM^cG's Tax team, headed up by Lyn Canning Hagan and with many years of experience in M&A transactions and corporate re-organisations, is well placed to assist businesses at this time.

Lyn Canning Hagan outlines the importance of taking tax advice early and throughout the process: "Early engagement with a tax adviser can have a significant positive impact on planning for an exit strategy and maximising the business owner's value from the business. An in-depth discussion and review with the business owner in relation to their business and personal goals and objectives will include addressing a range of key areas from a tax perspective. It is important to ensure that the business structure is commercially optimised for sale and to avail of various tax reliefs. Involvement of a tax adviser with commercial awareness and

sale agreement tax warranties and tax covenant review brings added value to a transaction."

Choosing an adviser with the right levels of experience, contacts and expertise can be pivotal to the smooth and successful completion of a sale or MBO arrangement. GM^cG's Corporate Finance and Tax teams have a wealth of experience in managing transactions from start to finish on the owner's behalf, affording them more time to focus on the core operations of their business.



Robbie Milliken, Director, Corporate Finance

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