

REALISING VALUE

The journey your business will take from initial idea to increased growth and success can vary considerably. Your business may grow organically, for instance by using the company profits to invest in expansion, or the company may have secured a range of equity investment and bank funding. This journey can shape, or be shaped by, the aims and objectives of the founders of (and other people involved in) the business.

For some, a sale and complete exit from the business will be a motivating factor, whilst others will want to remain part of the business as it expands, albeit perhaps with less of a management role as time moves on. There are many options available for all businesses regardless of their size.

What options are there?

The options include:

► Trade Sale

For many business owners, a potential buyer for the business can be clearly identified at an early stage. For others, it may not be so clear cut. Either way, a sale of the company enables you to realise the profits of the business you have created and provides a clear exit strategy. A reputable law firm can support you in the preparations for a sale, during the full sale process itself and what to do with yourself and your finances post the sale. A "legal healthcheck" of the business is a good first step beforehand to identify and resolve any areas which may be of concern for a buyer. You may also require help to manage the sale process, whether it be a competitive process with a number of different buyers at the outset, or the sale to one identified purchaser. Additionally your options for wealth management and any future business opportunities you may consider after the sale need to be given forethought.

► Private Equity Investment.

There are a vast number of private equity investors, both in the UK and overseas, with an appetite for investing in growing businesses. The amount to be invested varies per investor and it is therefore possible to attract private equity investment at any stage of your journey and to sell from one private equity to another as the business grows. A private equity investor may wish to hold only a minority interest in the business, therefore leaving you to retain day to day control, or the investor may take a majority interest, thus enabling you to effectively leave the business whilst retaining an economic entitlement to future growth. Private equity investors bring not only money to the business but valuable expertise and a vast network of successful businesses and business owners which could be the catalyst your business needs for growth.

Private equity investments can be complex and you will need solid legal advice to ensure your rights are protected as much as possible. Look for a law firm with a leading private equity team which acts regularly for both private equity investors and companies securing investment. At an early stage they can introduce you to a number of private equity investors to ensure you find the right partner for you and your business.

► Stock market listing

The Alternative Investment Market ("AIM") has become increasingly popular for growing businesses. The procedure for listing on AIM can be complex and time consuming but can yield high returns for shareholders whilst allowing shareholders to retain a percentage of the shares in the company to participate in any future growth. Companies which have enjoyed growth under one or more private equity investors can often see listing on AIM as the final step in the business' journey.

Collaboration in Action

In 2014 we were proud to advise a private equity investor based in the north-west of England, on its investment into a family owned manufacturer of toilet rolls and tissues. The company had previously maintained significant growth and expansion without the need for investment, but considered the business was now well-placed to secure private equity investment to fund the next stage of growth, whilst also realising some cash for the founders. Just two years later, earlier this year, we advised the company on the listing on the AIM market, enabling the founders to realise further profits from the business, stepping down from day to day control and still retaining a percentage of the company's shares to hopefully enable them to enjoy further growth. We supported the family throughout the process, ensuring the transaction went as smooth as possible to a very happy ending for all.

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