

HOW CAN I BUY A BUSINESS AND MAKE THE ACQUISITION AS SUCCESSFUL AS POSSIBLE?

ANDREW Watkin, partner at Baker Watkin, provides some key points on what you should consider before buying a business.

He's proactively managed a number of acquisitions and confirms it is definitely a buyer's market at the moment, as there are some real bargains to be had!

Q: What do I need to know?

A: It is important to assess your business before deciding on whether to buy. Apart from the normal due diligence – that is financial, commercial, legal, tax, employment and intellectual property – it is important to be very clear in your own mind exactly what it is you want to buy.

There are the usual reasons, such as difficulty in hiring

quality employees, wanting to spread your customer base, needing a better location, more buying power with suppliers and access to new markets, and buying a business may help solve these problems.

You need time to understand what it is you are buying and how the two businesses will be integrated. Ask yourself, where do you want to be in the future?

I frequently come across the term '100 day plan'. After completion, the purchaser should spend 25 days looking at what they have bought, 25 days making a plan and 50 days putting that plan into action.

You need to be clear on the integration of the businesses as transactions go wrong when they have not been properly considered.

If it is not readily to hand, raising finance will add to the

complications of buying a business.

Banks tend to back managers before they back businesses and therefore if you need to raise the finance with your bank you need to have a robust business plan that looks at customers, operations, innovation, employees, financials and suppliers.

The numbers must be sensitised to show both best and worst positions.

At Baker Watkin, we have experience of negotiating terms, carrying out part of the financial and taxation due diligence as well as preparing the financials for the business plan, introducing funders and raising the finance to acquire businesses.

Through our membership of the Corporate Finance Network, we have access to resources where we can undertake



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a search for you to identify possible acquisition targets and have access to their services for providing finance solutions.

• If you think the time is right for you to buy a business, contact Andrew Watkin on 01438 750555 or email him at awatkin@bakerwatkin.co.uk. Initial discussions are confidential