Key Considerations When Planning Business Succession or an Exit

Considering your objectives and the current position of the business at an early stage can help identify the legal and practical steps needed to prepare for a future transaction or handover.

Your Long-Term Objectives
Consider what you ultimately want to happen to the business. Your plans may involve a full sale, external investment, a management buyout or transferring ownership to family members.

Your Preferred Timescale
Think about when you would ideally like to step back, sell or bring in new owners. The more time available to prepare, the greater the opportunity to address issues before they affect a future transaction.

Ownership and Share Structures
Review who currently owns the business and whether the existing share structure supports your future plans. Changes may be required to facilitate succession, investment or a future sale.

Management Succession
Consider who will lead the business when existing owners or senior managers step back. Building the right management structure can help reduce dependence on individual owners and support business continuity.

Key Contracts
Identify the agreements that are most important to the operation and value of the business. Buyers and investors may scrutinise contracts with major customers, suppliers, employees and commercial partners.

Corporate Records

Check that statutory records, Companies House filings and other corporate documentation are complete and up to date. Good corporate housekeeping can help reduce delays during future due diligence.

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Business Risks and Dependencies

Consider whether the business depends heavily on particular customers, suppliers, individuals or assets. Identifying these dependencies can help you take steps to reduce potential risks before an exit.

Your Wider Advisory Team

Succession and exit planning can involve legal, tax, accounting and financial considerations. Bringing advisers together early can help ensure that the overall strategy is properly coordinated.

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