Key Considerations When Planning a Business Sale, Merger or Acquisition

Preparing key information at an early stage can help your legal advisers understand the proposed transaction, identify potential issues and establish the most appropriate route forward.

Your Objectives

Be clear about what you want the transaction to achieve. Your priorities may include securing the best value, completing within a particular timeframe, supporting future growth or achieving a clean exit from the business.

The Structure of the Transaction

Consider whether the deal is expected to involve the sale or purchase of shares or particular business assets. The structure can affect the legal process, liabilities being transferred and the documentation required.

Valuation and Price

Have a clear understanding of the proposed valuation and how the purchase price will be paid. Consider whether any amount will be deferred or linked to the future performance of the business through an earn-out.

Financial and Business Information

Gather recent accounts, financial information and an overview of the business and its operations. Buyers will usually require detailed information as part of the due diligence process.

Existing Finance Arrangements

Identify any existing loans, security, guarantees or other funding arrangements. These may affect your ability to take on additional finance or require consent from an existing lender.

Key Contracts and Assets
Identify important customer and supplier agreements, property arrangements, intellectual property and other significant business assets. These may need to be reviewed or transferred as part of the transaction.

Potential Legal Issues
Consider whether there are any existing disputes, regulatory matters or other issues that could affect the deal. Identifying potential concerns early allows them to be addressed before they cause delays.

Confidentiality
Think about when employees, customers, suppliers and other parties should be informed about the proposed transaction. Appropriate confidentiality arrangements can help protect sensitive information during negotiations.

Funding
If you are acquiring a business, establish how the purchase will be funded. External finance may introduce additional legal requirements and need to be coordinated with the wider transaction.

Your Timescale
Identify your preferred completion date and any important commercial, financial or tax deadlines. A realistic timetable allows due diligence, negotiations and third-party approvals to be properly planned.

Your Role After Completion
Consider whether the seller or existing management team will remain involved after the transaction. Any ongoing employment, consultancy or transitional arrangements should be agreed as part of the wider deal.

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