

Step 7 Exchange, Settlement & Handover

3. Handover

During handover, you will remain as an assistant to the new owner and help him or her; the difference is that the business will now be in the new owner's hands.

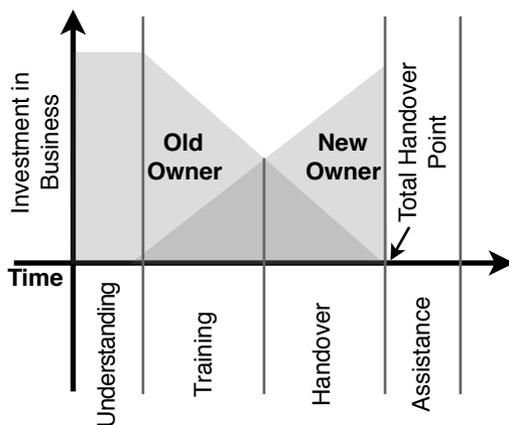
4. Assistance

At this point you will achieve the total handover and the new owner will take over completely. After this point, you may agree to provide further assistance. You can remain available by phone, if this is convenient and relevant. In some cases, you may remain past an agreed handover time in a specific role, or stay engaged in the business in a consultancy role or similar, for a determined period and payment.

Prior to putting your business on the market you should devise a plan for the handover. A well-structured handover will increase the business's economic appeal, which will result in more potential buyers being confident in their ability to run the business, which will help achieve a successful sale. Whatever you propose as a handover period, you can use this during negotiations. For example, if buyers are confident about running the business but are only prepared to offer less than the asking price, you can reduce the handover assistance.

Remember, the more assistance you provide to the purchaser when buying the business, the better the result you will achieve.

Handover Illustration Graph



STATUTORY COMPLIANCE

You must fulfil all legal government requirements between the exchange and the settlement. Your solicitor should ensure that this is done.

BE PREPARED TO BE FLEXIBLE

A mistake that many sellers make is not being flexible during the handover period. They are determined to spend the shortest amount of time possible in the business after it is sold. This sends the wrong message to the buyer, as it indicates that you just want to sell the business and get out. This makes buyers think there is something wrong with the business and that the reason you don't want to stick around is that you don't want to be there when problems appear.

Stay with the business for the period necessary for the buyer to learn the ropes and feel confident. Many owners do not want to stay longer than two weeks because they feel they are working for free, but this has to be factored into your price. Buyers will pay more for a business that the owner is willing to stay with for longer. Offering a comprehensive handover, whether the buyer needs it or not, provides greater confidence that the customers will remain loyal and that the profits will continue. In some instances, the difference in the amount you receive if you stay or go is significant.