



## Jan-Feb 2015

The year closed on a mixed footing. Data concerning the volume and value of deals was neither overly exciting nor was it so indifferent as to suggest a cooling off. Indeed as far as our economy was concerned the sentiment was encouraging but subdued. During 2014 the FTSE 100 index stubbornly refused to break into the 7,000s – something that had been predicted as a quasi-certainty by pundits last January 2014! Major indices have only a marginal effect on transactions at the level at which most businesses operate. Thus in spite of the global uncertainties regularly featured in news reports, the market for private companies in traditional and established technology sectors of industry appeared to be reasonably buoyant unlike highly publicised Stock Exchange deals which are directly affected by global events. Today there is active interest for both products and services, with buyers emerging and discussing acquisition strategies. This is our view as we start 2015.

The air of uncertainty and the elusive “feel-good” factor for which we have all been waiting has led to instances where vendors have developed Seller’s Angst and have found themselves unable to follow through the process. The starkest example last year was a family business whose owners were well into retirement age territory and for whom we found as perfect a buyer as could be imagined. Indeed the offer made was acknowledged by all involved as an ideal proposition and would have almost certainly succeeded. The owners however found it difficult to break the umbilical cord which attached them to their business and – happily enough before any serious money was spent – they pulled out of the deal. We have never heard anyone quite so uncomfortable on the telephone while trying to explain the volte face!

On the other side of the coin a buyer who was presented with an extremely attractive opportunity that, a priori, suited his expansion plans and nicely complemented his activities found, after all, that he could not go through with the transaction. The reasons cited were immaterial; the underlying cause was a lack of confidence in the future.

We are reminded of a remark made a few years ago by a buyer with whom we have worked on many occasions who felt that it would be a long while before he closed another deal. Meanwhile the BBC’s Dragons’ Den programme, merely reflecting the uncertainties inherent in the present economic situation, processes many applicants but very few are chosen.

These anecdotal summaries aside, some years ago we introduced a buyer to a business shortly before the Christmas Season; a handshake closed the deal a little while later after the New Year. The whole thing closed in under three months. Aside therefore from our insight in indentifying the buyer, the economic climate plays a significant role in a successful conclusion.

If you are seriously considering a sale of your business during this period of such uncertainty it is important you speak to an experienced and knowledgeable broker; companies are not sold on a push-button basis, so talk to Chesham because you only sell your business once!