



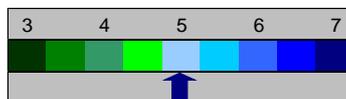
Mar-Apr 2018

For the first time since this sorry Brexit business started we have heard a measured, sensitive and intelligent speech from John Major. It is time that bully-boy and public-bar politics were put aside and the Conservative Party divorced itself from the extreme and often silly pronouncements emanating from the coterie of Europhobes who have become the tail that is wagging the British dog. He showed that with sensible negotiation much can be achieved; for example we are not part of Schengen, we have avoided the Euro and so on. On the other hand we are part of the single market, our goods and services are traded freely across borders and we form an important part of a 300m strong community. Open-minded negotiation is the key to success. The same rule happens to apply when negotiating the sale of one's business. Selling a business is not as simple a matter as selling cabbages from a barrow although some appear to think it is.

In common with almost all company owners we receive our fair share of emails or letters informing us that a buyer, known intimately to the firm that has written, is really interested in talking with us and that, were we to be considering a transmission of the ownership of our business, they would be talking about an attractive price. One missive we recently received played heavily on their ability to put the business into play and start a bidding war between two or more buyers. This is a high risk strategy which could leave the vendor (and the buyer) with no deal at all. We would certainly never recommend it. Over-playing one's hand generally only leads to one result – failure.

At Chesham we prefer to stand at the fulcrum of the deal. We aim to fulfil the traditional role of the broker and work to get a sensible deal done bearing in mind that if the deal fails *both* sides are losers. We make the introduction and we assist in but do not interfere with the discussions; our remit is to see difficulties in advance and aim to attenuate their effect before they become a block.

At present we are deeply involved in a number of interesting opportunities all of which have the same characteristics; a decided vendor and a community of hesitant buyers. The reason is clear; it is the result of the morass into which we have been led by this Government. Only a very few people are prepared to put their money at risk. The exceptions are overseas (non-European) buyers mostly from the United States and property developers who, thanks to the past few years see huge opportunities. Indeed in the 1990s when we were involved in Nursing and Care Home operations the value of the properties often wildly exceeded the value of the business. Today we see the same situation but not confined exclusively to the service industries such as Care Homes or Schools. As a result our occasional and informal barometer is sitting at 5x Adjusted Pre-Tax profits but of course this will change according to circumstances and should be treated only as a first approximation; the end result will vary according to the degree of fit and other elements relative to the opportunity.



Time and Tide wait for no man; people will reach a time in life where a sale of their business must be contemplated. Whereas 50 years ago 60 seemed to be a sensible time in life to consider a sale now 70 seems to be the threshold and how marvellous is that? Nonetheless when the time to sell arrives it is sensible to speak to an experienced and knowledgeable broker; companies are not sold on a push-button basis; talk to Chesham because you only sell your business once!