



## July-August 2018

Things are very torrid in the UK at present and not only owing to the weather. Politics has become horribly polarised and the unsatisfactory referendum (unsatisfactory from the point of view of structure) has simply deepened divisions; we seem to have lost the ability for elegant compromise. Unfortunately this has been and is having a detrimental effect on business confidence. People, be they buyers or sellers, simply do not know on which leg to stand. Furthermore the so-called “Great British Pound” (a self-deluding nomenclature adopted by HSBC for Sterling) is being battered by both external elements and the mess in Parliament. Prominent politicians of all colours are taking extremist stances and the country as a whole is suffering a crisis of confidence.

Against this rather gloomy background commercial opportunities are nonetheless being discussed and contracts signed; one company with which we are in advanced discussions has contracted a very large supply order for its products. This will of course lift its performance and strengthen its position vis-à-vis its planned sale. The secret will however be to avoid over-confidence; buyers are nervous – better a successful modest deal than the chimera of a huge transaction which may fail.

Another has recovered from 2 difficult years following Brexit and is now trading at a respectable level as compared to the past. Indeed next year, if orders are confirmed, will be one of the best years in the past 10. Business is doing what it does best; adapting to circumstances and winning orders despite a difficult climate. What a pity the figureheads in Government are more concerned with Party rather than National politics.

We have often seen a cycle of events that runs something like this: a business starts doing well, and starts increasing its sales and investing in new assets only to find that at the year end the profits are squeezed or nondescript. The sale is put off for another year when the same cycle repeats itself. The fact is not that the business is being ineffectually run but merely that aspirations are out of kilter with the reality on the ground. Another business for which we had a keen buyer perhaps six years ago who would have paid a generous multiple now finds itself with a merely modestly successful, but much larger, operation whose value has not changed partly because the economy has moved on and partly owing to the uncertainties that, six years ago, no-one could have imagined. Truly therefore “There is a tide in the affairs of men which, taken at the flood, leads on to fortune; Omitted, all the voyage of their life is bound in shallows and in miseries”. Shallows and miseries might be a little strong but one should certainly seize an opportunity when it presents itself. There is too much uncertainty today.

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!