

# GUIDE 3: THE M&A PROCESS FOR THE SELLER

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There are many ways to undertake the sale and purchase of a business. The following is an outline process from the seller's perspective that can be adapted when the buyer has been identified to meet both parties' requirements.

## Orientation

- Learning about succession options and the pros and cons of each.
- Understanding what goes into the decision to sell the business.

## Planning

- Developing a robust project plan that can be adapted when the buyer is identified and their process is understood.

## Preparation

- Preparing the management information a buyer is likely to require
- Undertaking a valuation exercise to get an idea of what the firm might be worth.
- Completing some sellers due diligence to isolate and fix any obvious issues.

- Preparing an Information Memorandum to provide potential buyers with a clear and concise overview of the business.

## Search

(The following can be simplified by using the Transact Matchmaking service).

- Creating a long list of potential buyers.
- Contacting possible buyers, supplying the Information Memorandum and assessing interest.
- Negotiating with possible buyers and reducing the long list to a short list.
- Conducting further negotiations to reach offers.
- Selecting the most appropriate offer and agreeing heads of terms.

## Structure

- Setting out what shape the combined businesses will look like and sketching out the integration plan.
- Working through the proposed deal structure and negotiating the key variables.

## Due diligence

- Agreeing what the approach will be with the team and communicating accordingly.
- Understanding the buyer's due diligence process and arranging physical visits.
- Conducting physical visits.
- Undertaking the reporting process and addressing any concerns.

## Legals

- Initial drafting (generally completed by the buyer).
- Working through amendments and negotiating all aspects of the legal interpretation of the deal.
- Undertaking the process of warranty disclosure.

## Completion

- Obtaining any third-party permissions.
- Completion of legal documentation
- Exchange of consideration (i.e. payment of initial consideration and scheduling of deferred consideration payments).
- Production and completion of relevant notices (generally client letters for the seller).

## Post-completion

- Implementing the integration plan (see Guide 1: Post-merger Integration for more).

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