

Selling Businesses Nationally For Over 35 Years

The following article was recently featured in the Licensed Press

The role of an agent

Stephen Taylor has seen almost everything in his 35 years' of selling properties at Guy Simmonds. Here's his first person account of the agent's role in selling pubs

Liam Coleman Reports

The valuation process

When we are first invited to meet a prospective vendor to confidentially discuss their current strategy over a cup of coffee, uppermost in a seller's mind is what their business is worth.

Agents have been accused of hyping up valuations in order to gain the sales instruction only to later apply pressure for a price reduction in response to a lack of purchaser interest. This is often accompanied by some form of up-front fee, a highly restrictive contract or an exit fee.

A vendor should never enter into a contract whereby a desperate agent stipulates there is an

exit fee, after the initial contractual period. In the event a vendor has already inadvertently entered into a contract of this nature, the matter should be reported to the solicitor acting for the vendor, who will deal with the desperate agent appropriately.

Our approach is to be completely transparent, reasonable, professional and act in our vendor's best interests at all times. This starts with us ensuring the prospective vendor understands how the valuation is arrived at and that it bears sensible comparison with prices achieved from recent successfully completed sales of equivalent businesses.

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marketing the business

Some agents seem to think that marketing consists only of putting a property on their website. In that situation, vendors should ask themselves how a prospective purchaser would ever be aware of that agent's website.

Despite the internet revolution, we use high-profile press advertising via a variety of specialist titles. Our online marketing, however, is extensive through a unique presence on more than 35 online sales platforms.

In consequence we invest very heavily in maintaining the national presence of our brand, which builds our prospective purchaser database.

The result is a ready source of prospective purchasers, which we match appropriately with each new sales instruction that we receive.

The database includes corporate operators, experienced individual operators and new entrants to the licensed trade.

assessing purchasers

There is nothing more frustrating to vendors than 'purchasers', who are actually just window shopping or unaware of the business buying process.

We, therefore, make every effort to determine prospective purchasers' cash position and borrowing requirements, as well as their trade experience, business plan, and (if a leasehold business) their likely acceptability to the pub company.

We also need to be assured that they are appropriately represented by a solicitor and accountant, with whom we will liaise extensively throughout any purchase transaction.

Beyond first impressions

We always feel that purchasers should not be surprised or disappointed from their viewing of a property. While they may well decide that a particular business is just not the one for them, our sales particulars should never



Marketing Strategy

there is more to selling a business than simply putting the details on an agent's website



In a Pair of Safe Hands
Good agents pride themselves on taking care of all problems that may impede a business sale

sale of the business on a leasehold basis followed by a later sale of the freehold.

Once a deal for the sale of the business has been struck in principle, we will require the purchaser's offer in writing, together with proof of finance, formal proof of ID and solicitor's details. We will then instruct solicitors acting for both parties to conduct the legal formalities leading to an exchange of contracts and legal completion of the transaction.

However, the process can be a fraught one for all concerned, and we liken it to an obstacle race. A slow deal is often a dead deal and our role is to be proactive in making sure the purchaser is helped to overcome the obstacles and hurdles that stand between them and the day they take possession of the business. The acceptance of the prospective purchaser's offer is merely the proverbial firing of the starting gun.

Crossing the winning line

Solicitors are notorious for being reactive rather than proactive. After an offer has been accepted, our role, therefore, is to constantly progress all parties to ensure hurdles are cleared and the transaction retains momentum. In addition to all the professionals acting for the seller and buyer, we may need to liaise with parties such as the local authority.

We are able to introduce sellers to specialist solicitors, who are vastly experienced in all contractual matters of selling licensed businesses.

Likewise, on request, we are happy to provide prospective purchasers with introductions to specialists, such as solicitors, accountants, surveyors, finance brokers, insurers, and stocktakers. ■

leave them surprised when they see a business in the flesh.

We, therefore, take great care to ensure our details are accurate, which is particularly important with financial information. While we are the agent of our vendor client, it is important for us to retain loyalty and trust with prospective purchasers by giving them a realistic picture of the property.

We understand the very heavy time demands of running a lic-

ensed outlet, but these should not compromise first impressions of a business. We, therefore, provide our vendors with a seller's pack that gives advice on how to most effectively present their property for prospective purchasers and what documentation the seller should have to hand at the time of the viewing.

We actively follow up all viewings afterwards. We note the comments of prospective purchasers

because any negative feedback can help our vendor client make improvements.

Negotiations

As agent of the seller, our job is, naturally, to secure the best possible offer for the business. Price is paramount in this, but we will advise our vendor on the overall strength of the offer, taking account of the buyer's ability to complete a deal and what other interest has been forthcoming.

Negotiations can be far more complex than a battle over price. For example, a deal might hinge on whether a freehold owner is prepared to consider a

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