

# 5 TOOLS TO HELP SEAL THE DEAL WHEN SELLING A BUSINESS

## 1. DATA ROOMS

An electronic 'data room' allows sensitive information to be corralled in a secure spot during the detailed due diligence process. People involved in the transaction receive

restricted access to the data room and can log questions and answer queries as required. A good broker will:

- manage the question-and-answer process
- seek answers from the relevant parties
- ensure a flow of credible information.



## 2. SITE VISITS

Best practice involves allowing your broker to facilitate site visits and information exchanges so they are structured, present the business in its optimum position to the

purchaser, and protect confidentiality. The broker manages sensitive issues and avoids the downsides of direct contact with customers and staff potentially causing uncertainty in the event a sale doesn't proceed.



## 3. BLACK BOX INFORMATION

During a due diligence process there is some information a broker will advise you to hold back until you have a binding contract, or an exchanged contract, where the purchaser has paid a deposit.

This is usually commercially sensitive

information relating to:

- pricing
- customers
- terms of existing contracts, and so on.

We would let the purchaser know early on that some 'black box' information would be held back as part of the data room, until there is a binding situation.



## 4. CONDITION PRECEDENTS

Often, as the business sale agreement is drafted in parallel to the due diligence process, it will provide for certain conditions – 'condition precedents' – which occur post-exchange. The sale doesn't complete until the condition precedents occur.

For example, a condition precedent may relate to the sharing of black box information between exchange and completion.

It may say: 'This information must be shared prior to completion and the purchaser reserves the right to confirm their position based on reviewing the final black box information.'



## 5. EXPERIENCED NEGOTIATING TEAM

There are three key people we would advise a business owner, in selling their business, to work closely with during the 'sealing the deal' process.

They are:

- the broker
- the solicitor for the vendor
- the accountant.



If you would like to discuss any aspect of selling your business, contact the team at JPAbusiness on 02 6360 0360.

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