

## Why use Dealmasters?

Dealmasters has been in business since 2009 and is probably the only firm in Cyprus dedicated exclusively to business sales.

We are not just “introducers” or a classifieds platform. We are **full-service brokers** who advise and support you throughout the sale process, starting from preliminary reality checks all the way to closing a sale. We manage business sales in a systematic, professional and confidential manner to save you time and effort, prevent reputational damage and maximize the chances of achieving a sale.

Important points to keep in mind:

- **Confidentiality:** Every business sale is confidential. You don't want your suppliers, clients, creditors, competitors or employees to know that you intend to sell your business. **We keep your identity confidential, until we are convinced that we are dealing with a serious buyer.**
- **Focus:** You need to continue managing your business as usual, instead of spending most of your time and energy dealing with queries or negotiating with people who, too often, are just shopping around. **We take all the “grunt work” out of your hands so you don't lose focus.**
- **Promotion:** You may be an experienced manager or entrepreneur, but most likely you have limited experience and resources to promote a business sale. **We offer our expertise in promotion and a well established network to source real prospects and bring them to the negotiating table.**
- **Deal making:** Once negotiations start with a buyer you will need support and advice until the terms of sale have been agreed in every detail. We do not negotiate on your behalf, but **we offer deal making support and our knowhow with hundreds of transactions.**
- **Ethics & Conflicts of Interest:** You are our client, it's your interests we represent and we make this clear to prospective buyers. **As long as we are engaged by you, we will never work on behalf of a buyer or accept money from a buyer.**
- **Costs & Fees:** we charge a modest upfront fee which covers part of our cost to prepare for a sale. **We do not charge renewal fees, viewing fees, or any service fees until your business is sold.**

## Decision to Sell

- **Timing:** If you have a choice with regard to timing, the best time to sell your business is when it is mature and profitable, but still growing. It is possible to sell a business which has started to decline (even one which is losing money) but in such conditions the buyer has the upper hand. **Since there is no such thing as a “quick sale” think strategically, think two to three years ahead!**
- **Commitment:** You cannot just “test the waters” to see what happens, or start the sale process without being thoroughly prepared and committed. **We expect to see this commitment on your part.**
- **Reason for selling:** A sale is often imposed by succession, family, financial or health issues. For others, it's just time to move on, change lifestyle, maybe start another business. **The reason for selling must be spelled out clearly and honestly, since this is the first question buyers will ask.**

## Preparation to Sell

- **Accounts:** Prepare Audited Accounts for at least the last three years. **This is a must. No business can be sold without up-to-date financials.**
- **Deal Structuring:** First of all, do you want to sell outright or are you looking for a partner to invest in business growth? Will you accept an Earn-out or Deferred payments? Are you willing to sell a majority instead of 100%? Are you willing to transfer your proprietary knowhow, trade name or brand to the buyer? If the business owns real estate, do you want the real estate to be sold with the business, or carve it out of the business? Are you willing to provide support & training for a reasonable hand-over period? Stay on long-term as a Manager or Director, maybe? Are you willing to sign a Non-Compete? **There is much more to a business sale than just setting the Asking Price.**

- Re-casting of Financials & other records: Standard format (IFRS) accounts are a must, but you may also need to re-cast your accounts, provide more detail and, in general, **justify the Asking Price with facts and numbers**.
- Valuation: The question “How much is my Business worth?” is usually the first one asked. Each business is different and for the same business the value to the owner is one thing and the value to the buyer another – and again, this depends on the type of buyer. Valuation is not an exact science, but **we always provide guidance on the Asking Price based on our knowledge of the market** and, if requested, we can prepare a formal written valuation.
- Documentation Folder: It’s best if you prepare a folder with all relevant information ready for the buyer. In addition to a profile of your business, this folder should include copies of important documents, such as Company Registrar Certificates, Audited Accounts, Rent/Lease Agreements, Property Titles, Licenses, Permits, latest Income Tax & VAT records, important employment agreements and, if you have them, independent Property or Business Valuations. **Our success in engaging with a genuinely interested Buyer will depend, to a large extent, on the quality and detail of information available.**

## The Sale Process

Whether we are advising a multi-million transaction or a small business sale, the process is substantially the same – larger transactions simply have more zeros at the end!

1. Fact-finding, Reality Checks, Understanding Value Drivers, Determining Asking Price & Main Terms of Sale, in general the **Preparation to Sell**.
2. Profiling of suitable Buyers, such as lifestyle buyers, financial or passive investors, strategic investors.
3. Preparing promotional material (e.g. Web Listing, Teaser, Information Memorandum) and **Documentation Folder**.
4. **Promotion** (see below), identification of prospects, exchange of preliminary information, on a “no names” basis.
5. Elimination of “time-wasters”, qualification and profiling of “willing and able” Buyers, discussion of Buyer’s profile with Client.
6. Execution of Confidentiality Agreement.
7. Release of **Documentation Folder**, **always with Client’s prior permission**.
8. Conducting Meetings, Viewings, Preliminary Negotiations - **in our presence and with our support**.
9. Execution of Term Sheet or Heads of Agreement – optional, in the case of small businesses.
10. Detailed legal, financial and possibly commercial due diligence by the Buyer. **We co-ordinate**.
11. Final negotiations and agreement on detailed Terms of Sale - **in our presence and with our support**.
12. Drafting of Legal Documentation by legal advisors (Sale Agreement and/or Shareholders Agreement, other documents as may be appropriate). **We review and advise as may be necessary**.
13. Closing.

## Promotion

Do you know what type of Buyer would most likely be interested in your business?

- An individual who wants a small business to own/manage and make a living, a “**lifestyle investor**”, has different requirements from a **financial investor** who just wants the extra income, or a **strategic investor** seeking synergies. In addition, buyers or investors may be locals, from a foreign country, or repatriating emigres, corporate or individual investors.

- We can cast a very wide net, through all channels and methods, locally and internationally, using our database of buyers, internet ads and our network of associates. Or, we can focus on specific targets and orchestrate a direct, discrete approach to them. Or, a combination of both.
- **Confidentiality in Promotion:** This is always a fine balancing act. The less information you make available prior to executing a Confidentiality Agreement, the less likely it is that a prospective buyer will express serious interest. We always strive to provide substance, without giving away your identity.
- **Bottomline, we promote continuously for an indefinite period until your business is sold.**

## Deal-making

No two deals are the same. When it comes to business sales there are numerous parameters that have to be negotiated – see the **Deal Structuring** paragraph above.

- Our guiding principle is that **you have to live with a deal, not just make a deal.** This goes for both sides.
- **We will assist you throughout negotiations** and help you assess the give-and-take that will inevitably take place, always with the objective of achieving a sale on the best possible terms.
- Lawyers, Accountants or other expert advisors will be engaged for Due Diligence, but cannot be allowed to re-negotiate what has already been agreed, otherwise deal-making becomes impossible. We try to ensure everyone stays within the limits of their scope of work and **we do damage control when needed.**
- Deals are sometimes broken because of the “fine print” in Legal Documentation, even after main terms have been agreed. **We review all legal documentation** and advise you if all terms and conditions are reasonable and within the spirit of what has been agreed.

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