



# PROTECTING THE VALUE OF A BUSINESS THROUGH ACCELERATED M&A

Owners of businesses struggling with cash flow and trading might consider partnering with a stronger business via an accelerated M&A transaction. This is aimed at maximising value and can give owners greater control over the future of their business as well as reducing their personal risk.

Scenarios which might cause business owners to consider this include:

- The loss of a major customer
- Withdrawal of a bank
- Significant bad debts
- Too much debt to service
- A downturn in the business cycle
- A significant increase in raw material cost

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## **Time is of the essence**

Acting quickly is important to preserve assets and customer relationships. This is best done by finding the right potential partners and by ensuring potential buyers or funders are aware of the benefits of making an acquisition.

Speedy action can also protect privacy and so avoid key customers or competitors becoming aware of the situation.

## **Interested Parties**

Potential buyers can sometimes be found within a business's existing supply chain. They are often missed by shareholders and directors who tend to look straight to acquirers outside of this network.

## **Valuing the business**

Valuing private companies facing the scenarios outlined above can be difficult. A process that assesses and demonstrates the value to strategic acquirers is vital. This leads to better realisation of value and recovery for both secured charge holders and other creditors and reduces risk for the directors.

## **Preparing for successful accelerated M&A**

In our experience, businesses that benefit the most from an accelerated M&A transaction have first considered a number of action points. These include:

- Making sure financial information is up to date
- Preparing a detailed cash flow forecast
- Considering sensible cost-cutting
- Understanding the business's core value drivers
- Maintaining financial flexibility
- Being realistic about the value of the business
- Seeking early advice about how to structure finance and business planning
- Motivating senior staff and encouraging their commitment

## **How we can help**

We have a tried-and-tested process that addresses the challenges businesses are facing. We have helped clients deal with a significant trading downturn, poor cash flow, lack of support from bankers, customer loss, supplier price increases or insufficient management time.

**Potential buyers can sometimes be found within a business's existing supply chain.**

Our process is:

- Assess – we will assess the business's current situation including the key value drivers and any short-term action which needs to be taken.
- Stabilise – we will help implement short-term action to stabilise the situation.
- Act – rapidly identify appropriate potential partners, produce sale material, approach on a confidential basis and move to a sale working hand in hand with our client all the way to achieve the best result and protect the business.

There are situations where accelerated M&A is not the solution and we also regularly work with clients on restructuring and reorganisation and fund raising.

### International presence

Moore Kingston Smith is part of Moore Global, one of the world's major accounting and consulting networks. With a strong presence globally, the network covers over 600 locations across 112 countries. We are ideally placed to help business owners navigate new and existing markets effortlessly, and take advantage of international M&A opportunities.

For more information or to discuss your specific situation, please contact us.



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