

Employee Ownership compared with other options



	Trade Sale	Equity Investment	Management Buy Out	Employee Ownership
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<p>Timing</p>				
<p>Value</p>				
<p>Legacy</p>				
<p>Complexity</p>				
<p>Flexibility</p>				
<p>Costs</p>				

<p>Often depends on approach to a competitor or an unexpected approach when timing is out of your control.</p> <p>★</p>	<p>Relies on being able to find investors ready to take a stake in the business. Can take time.</p> <p>★★</p>	<p>Founders can initiate the process and also prepare the management team.</p> <p>★★★★</p>	<p>Can be implemented as and when desired by the founder. There is no requirement to find a buyer or investor.</p> <p>★★★★★</p>
<p>Possibly best price if buyer can see significant growth opportunities by acquisition. May be offset by price chipping, extensive warranties and earn-outs.</p> <p>★★★★★</p>	<p>Can be priced on complex principles anticipating growth, but also existing trading and problems. Short period required for exit can cause challenges.</p> <p>★★</p>	<p>With management team putting personal assets at risk There may be a drive to ensure that value does not expose too much risk.</p> <p>★</p>	<p>Sold at full market value, and with 0% CGT the tax saving alone can mean higher net proceeds but paid over a longer period.</p> <p>★★★★</p>
<p>Often pitched as a good fit to ensure legacy. Sadly, economies of scale may put paid to a lasting legacy – 50% of mergers fail on culture clash.</p> <p>★</p>	<p>Investors may have seen culture as important but ultimately growth is likely to be more critical than the focus on people.</p> <p>★★</p>	<p>Management team may want to continue with the legacy already built and therefore are less likely to radically change the culture, but debt challenges may override.</p> <p>★★★★</p>	<p>Founders set the values and culture of the organisation and can stay as closely involved as much or as little as they wish. Offering true legacy if desired.</p> <p>★★★★★</p>
<p>Detailed due diligence, valuation requirements along with provisions for complex earn-out, extensive warranties and indemnities.</p> <p>★★</p>	<p>Detailed valuation requirements, extensive due diligence, investment agreements and shareholders agreement make for a complex deal.</p> <p>★</p>	<p>Lighter due diligence process but funding issues to be addressed along with use of loan notes and shareholder agreements.</p> <p>★★★★</p>	<p>Limited due diligence and warranty requirements, but EO structure requires some time to implement across the firm.</p> <p>★★★★★</p>
<p>One off sale, unlikely to have any further involvement post completion other than handover period.</p> <p>★</p>	<p>May retain significant shareholding and take part in another investment round or sale or stock market listing.</p> <p>★★</p>	<p>Similar to EO with options for share retention and continuing with the company.</p> <p>★★★★</p>	<p>Possible to retain growth shares and stay with the company whilst extracting some value. Can also be used with EMI schemes and direct share ownership.</p> <p>★★★★★</p>
<p>Scope for a very adversarial process. Do you diligence advises looking for opportunities to price chip to show the value, which in turn leads to cost escalation.</p> <p>★★</p>	<p>Costs of equity are charged at a commission and along with the complexity, costs can be significant and are likely to have to be settled by the seller.</p> <p>★</p>	<p>Less adversarial than a trade sale, but still subject to a Due diligence process and negotiation.</p> <p>★★★★</p>	<p>Similar to a management buyout, but the lack of extensive negotiation and due diligence challenges reduce overall costs. Fixed prices should be expected.</p> <p>★★★★★</p>

How can Boardroom Advisors help you achieve Employee Ownership?

Boardroom Advisors provides you with guidance, strategy and coaching. We specialise in working with family businesses and SMEs and have the skills and expertise to transition your business to employee ownership (EO).

Boardroom Advisors will be part of your team with a talented pool consisting of dozens of the most experienced advisors in the UK and our services cost only a fraction of a full-time hire. We will work with you to:

- Analyse your business and create a detailed programme to ensure success throughout the EO process and beyond.
- Deliver workshops to help companies to create the foundations for a successful EO scheme. These include, values & purpose, customer value proposition, stakeholder engagement, customer journey mapping, strategy execution and KPI development.
- Support your team to deliver the EO scheme at a pace that matches the needs of your business. Helping you to manage all the stakeholders and communicate the EO scheme to employees.

Contact info@boardroomadvisors.co.uk or call 0117 300 9945 and let us help you on your journey to employee ownership.



Boardroom Advisors

www.BoardroomAdvisors.co.uk