



Business succession – help is at hand

Norman Watson looks at the process of transferring ownership of a business to its staff

Most business owners don't have a plan for leaving their business until it is too late, leading to business closures and job losses. Many, if they do plan their exit, fail to think about a viable alternative to a trade sale - transferring their business to the staff.

The Wales Co-operative Centre has been helping owners do this for the past five years with a great deal of success. None of its succession companies have failed and most are growing post buy-out.

The Centre arranges both employee buy-outs and management buy-outs, depending on who is interested in taking part - the senior management team, a handful of employees, or the entire workforce.

The Centre begins by offering a free, no obligation consultation. Owners seeking to sell their business will get confidential advice on the key issues and if they think there is any interest from the workforce in taking over the company, then a meeting is arranged to discuss the options.

As long as a willing seller / willing buyer scenario is established then the Wales Co-operative Centre can provide the following help:

- Preparation of a business plan with financial forecasts for three years
- Contact with both the seller and buyers to discuss the terms of a sale and purchase agreement, including the price to be paid for the business
- Contact with the employees to plan the company post buy-out and to arrange their financial involvement in the new company
- If more than 51 per cent of the employees want to invest then that opens up specialist forms of finance from Co-operative lenders that are not available to conventional companies
- Employee share schemes can be installed to ensure that there is an internal market for the shares. There are various schemes on offer which make it easier to arrange a buy-out as well as giving tax advantages to the company and the employees as the new company

develops.

■ The Centre also provides specialist legal services to ensure a successful completion.

■ And finally! The Centre's succession advisors never go away! They are still available to give help to the company after the buy-out has taken place. This can include marketing and management advice as well as arranging new finance if the company seeks to expand.

Eleven employees at DLT Training Ltd, one of Wales's leading training providers, put their savings together and took the plunge to become the company's new directors in an employee buy-out in 2006. When the current owners decided to retire, they sought advice from us on how to transfer the business to the employees.

Established over 30 years ago, DLT provides industrial training services in freight logistics & materials handling to thousands of people each year across the South Wales area. They offer a number of specialised products and are the only provider of the Young LGV Driver Scheme in South East Wales.

Sarah Wilkins was part of the employee buy-out team at DLT. She explains, "I wasn't expecting to be a company Director at my age, but it feels great to take control of our futures."

DLT's experience of an employee buy-out shows how the legacy of an owner's hard work can be carried on by the employees. For them it's a great challenge and one they can meet effectively as a co-operative.

It only takes one telephone call from a business owner to get things started. So if you want to talk about transferring your business to the staff, just pick up the phone!



DLT Training Ltd was transferred under an employee buy-out in 2006 with help from The Wales Co-operative Centre

Contact

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