



# Planning Your Exit or Seeking an Investor

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# Introduction

For most owners of moving companies, succession planning is an emotional topic. Some family businesses hope that one day their company will be passed onto one or more of their children. Others, wish to close or sell their business, or take on an additional investor based upon the business or market environment.

In all those circumstances, it is always sensible to have an independent advisor who is on your side. With over 40 years' experience in the moving industry, Mark Oakeshott Consulting has a strong empathy with owners that are planning succession, and if selling the business is the right option, a strong understanding of companies that may be interested.

Unlike general merger and acquisition brokers that treat your business as a commodity, Mark Oakeshott takes a caring approach to walk the owner through the process. Through a targeted and confidential methodology, I have a successful track record of meeting the objectives of business owners without disruption to their company.

This short booklet is designed to provide a moving company owner with a high-level overview of the options available to you for exiting the business, adding an investor, and what to expect during the process.

Please reach out to me with any questions – it costs nothing to talk!

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# Planning in Advance!

Transferring ownership of your company or seeking an additional investor is not a sprint!

Unless your decision is prompted by a life event that requires urgent action, it really comes down to planning and preparation. It is always wise to plan an exit strategy or succession well in advance.

Fixing any issues that may affect the value of your business (or slow down the transfer of ownership) are also critical actions that form part of the process.

If there are multiple shareholders, it is also important that everyone is in agreement before you commence the process.



# What Are Your Options?

There are several alternatives available to a moving company owner that is planning to exit or seek an investor, including:

- Closing the business and selling the assets.
- Passing the business onto a relative.
- Selling to a management team.
- Selling 100% of the company to someone else in the industry that is interesting in expanding or to a private investor.

If you are planning to remain with the business, entering a joint venture with someone else in the industry may be a solution, where the combination of two companies may deliver synergies or a strategic advantage.

Each option requires careful thought and planning, based upon your objectives.

A man in a blue shirt and dark pants is sitting on a grassy hill, looking out over a vast landscape. In the background, there are rolling hills and a range of mountains with snow-capped peaks under a dramatic, cloudy sky. The scene is captured from a low angle, emphasizing the scale of the natural environment.

# What to Consider?

As part of any plans, you should review the following:

- What are your objectives, whether you are closing the business or considering a transaction that involves a relative, management team, or an outside party?
- Develop a financial plan for your personal future and understand the tax ramifications of closing, sale, or transfer.
- Talk to an independent advisor to help guide you.
- Have a realistic expectation of the value of your business through an independent valuation expert.
- Have a clear idea of the qualities and capabilities of your successor or additional investor.
- Have a business advisor, financial advisor, and legal support with experience in business transactions.



SORRY  
WE ARE NOW  
CLOSED

# Closing Your Company

Simply closing your company may be worthy of consideration for some owners who do not like the idea of handing over the keys to someone else or who believe that simply selling the assets may be a simpler option. Needless to say, you will still need to collect all debts owed to the business and pay all creditors.

These owners should understand that those prized assets (vehicles, equipment, storage consignments, and materials) may not be worth quite as much as they hoped, and it is certainly worth understanding their value before moving forward.

If you lease your property, moving company owners should also be conscious of any dilapidations to the office and warehouse during the term of your lease. Dependent upon the conditions of your lease agreement, some landlords can be highly aggressive in raising charges for repairs and renovations.



# Family Succession

A lot of family companies dream of the opportunity to pass their business onto the next generation, but before moving forward with succession, it is important to consider several factors:

- Does the family member have the key skills to manage the business?
- Does the family member have the motivation and drive to maintain the success of the business?
- What compensation do you plan to receive and how?

Family tensions and disagreements are a common event when transferring ownership to a relative and you need to be as sure as possible that this will not damage the business, the legacy, or the value.

A hand is writing on a notepad with a red pen. The notepad is on a desk next to a laptop and a tablet. The image is partially obscured by a white, torn-paper-like shape on the right side.

# Getting Ready to Sell?

If you have decided that selling your business or seeking an additional investor is the best way to unlock the full value of your company, there are a number of clear and accurate documents that you will need to prepare that should include:

- A business plan or business description giving a history of the company, the services you provide, your customer base, and future plans for the company.
- Up-to-date and historic financial documents, including profit and loss statements, tax returns, balance sheet, accounts receivable and accounts payable.
- Any Property Leases and Operating Licenses.
- A list of assets including any vehicles and equipment.
- An organization chart, staff details, and any union details.
- Any significant contracts with suppliers or customers.



# Management Buyout

Often overlooked, the purchase of the company by one or more of your current employees, may represent a credible alternative when selling your company. As with a succession plan that involves family members, it is important to consider if the individual(s) have the capabilities to take over running the company and the funding to complete the transaction.

If so, the process is similar to selling to an outside party:

- Get the company organized for sale.
- Have the company valued.
- Negotiate a value and payment terms.

In addition, unless a management buyout involves full payment at the time of closing, there are longer term risks of receiving payment in installments.

# Selling to An Outside Buyer

There are two primary structures for the sale of a moving company:

- **Share Sale:** Selling all or part of the shares in the company. Under this structure, the new owner buys the legal entity and becomes responsible for all past liabilities.
- **Asset Sale:** Selling the assets of the company where the seller retains ownership of the legal entity and the new owner buys equipment, leases, goodwill, trade names etc., and transfers those assets to a new company.

Generally, a seller will prefer a sale of shares of the company, whereas a buyer will prefer an asset sale. Dependent upon the country you operate in, there may be tax and accounting ramifications to each.

You should also be conscious of any contracts that trigger certain rights in the event of a change of ownership.



# Marketing Your Company for Sale

Unless you are fortunate to be approached by an interested party directly who is prepared to pay an acceptable value, marketing your company for sale should be seen as a carefully controlled process and best handled by an advisor that truly understands the acquisition process and the industry.

News that your company is for sale can be very disruptive to your employees and can be used against you by your competitors. Mark Oakeshott Consulting not only filters interested parties to determine that they are serious and well funded but also maintains strict confidentiality throughout.

If you choose to attempt the process yourself, never enter into any discussions or share information with a third party without a non-disclosure agreement.





# The Process

As a general rule, the sale of a company can take anything from 6 – 12 months or more, dependent upon the level of interest and the readiness of the seller, but a well-run process will be as follows:

- Confidentially market the company for sale.
- Sign a non-disclosure with interested parties.
- Share information on the company.
- Receive a non-binding offer.
- Due diligence by the buyer.
- Closing agreements.

Keep in mind that there will likely be an expectation from the buyer that the current business owner will be prepared to stay with the business during a transition for a period after the sale and that key members of staff are committed to remain with the company.

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