

The key to selling



Lucie Wright (nee Tagg) of Redwoods Dowling Kerr speaks on the importance of selecting a specialist broker when selling your nursery

When you are selling your nursery, one of the most important decisions you are likely to make is your choice of business broker. Selling any business can be a difficult process with many potential pitfalls, if not managed correctly. However, the appointment of a specialist business broker in the Childcare sector should make the sale of your nursery a hassle-free experience.

A specialist broker will have the experience and knowledge to guide you through the whole process with the minimum of fuss, making the experience as smooth and financially rewarding as possible.

Confidentiality

When selling a nursery, confidentiality is essential. The running of the nursery without any disturbances is of the utmost importance - accidental or premature communication of your intentions to sell can unsettle customers and staff alike. It may also alert close competitors to your intentions.

Parents may have concerns over the impact on their children and staff may fear losing their jobs and look for positions at other nurseries. A loss of either customers or staff during the sale process could compromise the sale.

A specialist broker in the Childcare sector will have experience in

bringing the nursery to the attention of the right buyers without compromising confidentiality. They will understand the sector and know where to market the business. This, combined with a database of qualified buyers and a non-disclosure agreement in place, should result in a perfect match without



Success

risking the sale becoming public. Ultimately news of your sale needs to be carefully managed and made when you the owner are ready to make that announcement.

Establishing the value

Nursery owners put a lot of hard work, dedication and determination in creating the right environment for children, parents and staff, as well as running an established business. When it comes to selling, it can sometimes be difficult to make an objective evaluation of what the business is truly worth. Always choose a specialist broker that has a

proven track record of selling nurseries of similar size and location. A sales price that is too high will deter buyers, whilst a valuation that is too low could result in you losing out on the true value of your business. An expert broker will be able to advise you on the specific criteria used for evaluating and appraising a nursery. The value drivers in each industry are unique, and a broker that is not experienced in dealing with nurseries might not be able to provide you with an accurate valuation for your business. A specialist broker should be able to give you a wide range of examples of

the nurseries they have sold and comparable information.

Don't rush the sale

Another common mistake is to attempt to accelerate the sale process. Typically it takes six to twelve months between a nursery coming to market and a sale being completed, due the time needed for due diligence, confirmation of buyers finance from the banks, Ofsted applications and the compilation/ completion of legal agreements. Having said this, if you have a specialist broker, a willing purchaser and the right legal advisors, we have seen nursery sales completed in as little as 8 weeks. It is all dependent on the current market conditions; the correct price of the business, the right bespoke and tailored marketing campaign, a qualified buyer database and teamwork. All of this and more should be provided by a specialist that understands your requirements and is experienced in Nursery Sales.

Broker selection is critical to selling your nursery

Over many years you will have dedicated time, effort and considerable expense into ensuring you provide the right environment in which to nurture and educate children in their formative years. You will have achieved this through hard work and with the support of a capable team of staff, and no doubt, have parents and children who have benefited from the quality of your nursery and the care and attention that they have received.

When selling your nursery you will want to ensure that it is passed into the right hands and that you achieve a fair price for your business. To do this, consider a broker that fully understands both the nursery sector and your specific business. Undoubtedly, the best choice is a broker who has a proven and current track record of selling nurseries.

To assist you with your choice of broker, request information about recent sales within your area and/or for similar sized nurseries. Request comparable information and examples with supporting testimonials to show that they can deliver the service and ultimately sell your business. If the broker has sold nurseries recently this will be easy for them to provide. Redwoods Dowling Kerr has over 30 years of experience of selling nurseries and a team with an in-depth understanding of the marketplace.

Recently Redwoods Dowling Kerr managed the sale of Westfields Day Nursery on behalf of Mrs Bridgette Smith who commented as follows :-

'After considering several commercial brokers, it was important for me to choose a broker who understands the nursery sector and who was able to tailor the marketing of my business in a way that was suitable for me and the management team. Some people want to be looked after by the same person who they meet at their nursery, for me it was more important to have someone at the end of a phone at all times; that made me feel secure in my choice. My advice is that you need to consider different agents to understand what they can offer and compare what they have sold recently, do not be taken in by cheap fees and no upfront fee, cheapest does not mean best, in my experience you have to pay for quality.'

Management Information

Having good financial information shortens the due-diligence phase of negotiations and is key to maintaining a deal's momentum. Poor financial records will slow down a deal and can potentially jeopardise the sale. If all accounts are up to date and monthly management information is available, it is easier for the buyer to organise finance quickly. A specialist nursery broker should have a database of finance checked purchasers looking to buy in the Childcare sector. This can help keep the transaction time to a minimum. A specialist broker will also market your nursery to the right people rather than a generic database of buyers who may only be interested in completely different sectors. ■

- If you are interested in selling your business and would like more information contact Lucie Wright (nee Tagg), Sales Manager at Redwoods Dowling Kerr Tel: 01484 483188 or 07969 314609. Alternatively you can email lucie.wright@redwoodsdk.com