

Checklist: Sale of Business Division

SMEs should focus on their core business and leave behind historically-contingent ancillary branches without synergy effects.

An AGENDA should be established at top management level, which could contain the following content:

- **Analysis of business areas**
 - achievability of necessary size
 - future prospects
 - internal synergies
- **Strategy updating**
 - strategic options
 - joint venture possibilities
- **Decision to sell particular branches (disinvestment)**
- **Making the branch “attractive for sale”**
 - delineation from other business areas / allocation
 - improvement of turnover and profitability
 - if appropriate, creation and introduction of own brand
 - valuation
 - assessment of decision on share deal or asset deal, taking account of differences in valuation, transfer risks and tax implications
 - **decision in favour of the share deal (sale as subsidiary)**
 - see also “Share deal Agenda” checklist
 - divestment into own legal entity
 - vendor due diligence
- **decision in favour of asset deal (sale of business division)**
 - see also “Asset deal agenda” checklist
- **Preparation for sale**
 - formation of project team (internal)
 - involvement of advisors (external, i.e. lawyers, auditors, tax advisors, if appropriate M&A advisors)
 - ensure that parties involved sign NDA
 - Plan N (emergency plan in the event of leaks)
 - Plan E (exit scenario)

- Plan B (no buyer)
- determination of minimum sale price
- determination of price-guarantee relationship
- determination of sale process and time-scale
- determination of scenario for all processes and involvement of internal (internal auditing, compliance, etc.) and external players (WEKO, finma, etc.)
- tax ruling
- preparation of information memorandum
- compilation of communication plan
 - preparation of press releases
 - preparation of employee, supplier and customer information
- **Offer to sell**
 - formulation of offer / invitation to treat
 - formulation of draft contract
 - contractual documentation (preparation of data room)
 - identification of ideal buyer or potential additional buyers
 - NDA (Disclosure Letter)
 - where appropriate, exclusivity declaration
- **Letter of intent (LOI)**
- **(Investor) Due Diligence / disclosures to investor**
- **Issue of offer by interested buyer (with adjusted draft contract)**
- **Valuation / negotiations**
- **If required, WEKO approval**
- **Signing**
- **Closing, escrow opening and migration to buyer business**
- **Legal protection / registrations**
- **Tax declarations**
- **Criticism of initiative in Management and Board of Directors / experiences for subsequent clearing of business field**