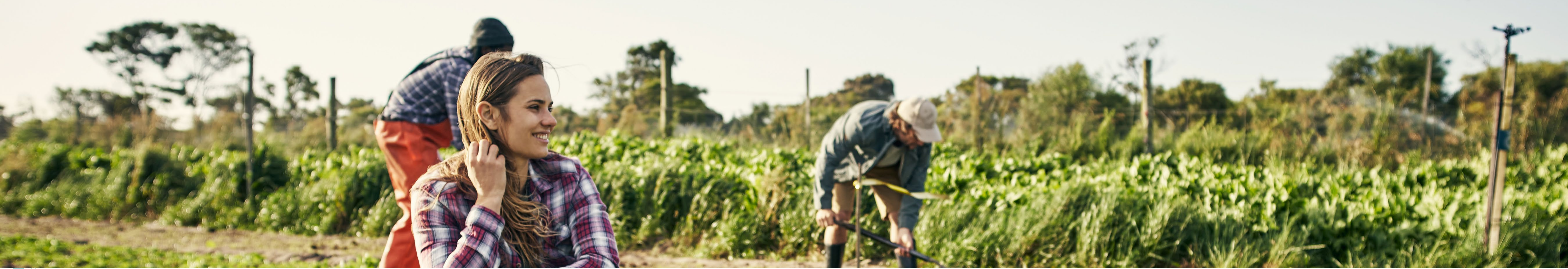

FAMILY BUSINESSES

The family business journey, whether you're the owner, manager or team member, is never a straightforward, predictable set of steps. The emotional connections, the personal investment and the added focus on both the past and the future, often mean that family businesses are wrapped up in a delicate interplay of personal and corporate growth. No matter what stage your business is at, and what's next for you, we're here to help.

Use our interactive stepping stones for insight and advice on how to get the most out of your family business.

GOT AN IDEA

GETTING IT OFF THE GROUND

EMPLOYING FIRST PERSON

NEED PREMISES/ BIGGER SPACE

EMPLOYING MORE PEOPLE

INHERITED THE FAMILY BUSINESS

SUPPLIER/ CONTRACT DISPUTE

HEALTH AND SAFETY

SCALE UP/ DIVERSIFY/ INNOVATE

NEED INVESTMENT

INCENTIVISE STAFF

CONSOLIDATE

EMPLOYMENT DISPUTE

REDUNDANCIES

NEXT GENERATION

DEATH IN THE FAMILY

DISPUTE/ CONTEST THE WILL

EXIT

SUCCESSION PLANNING

WEALTH PLANNING

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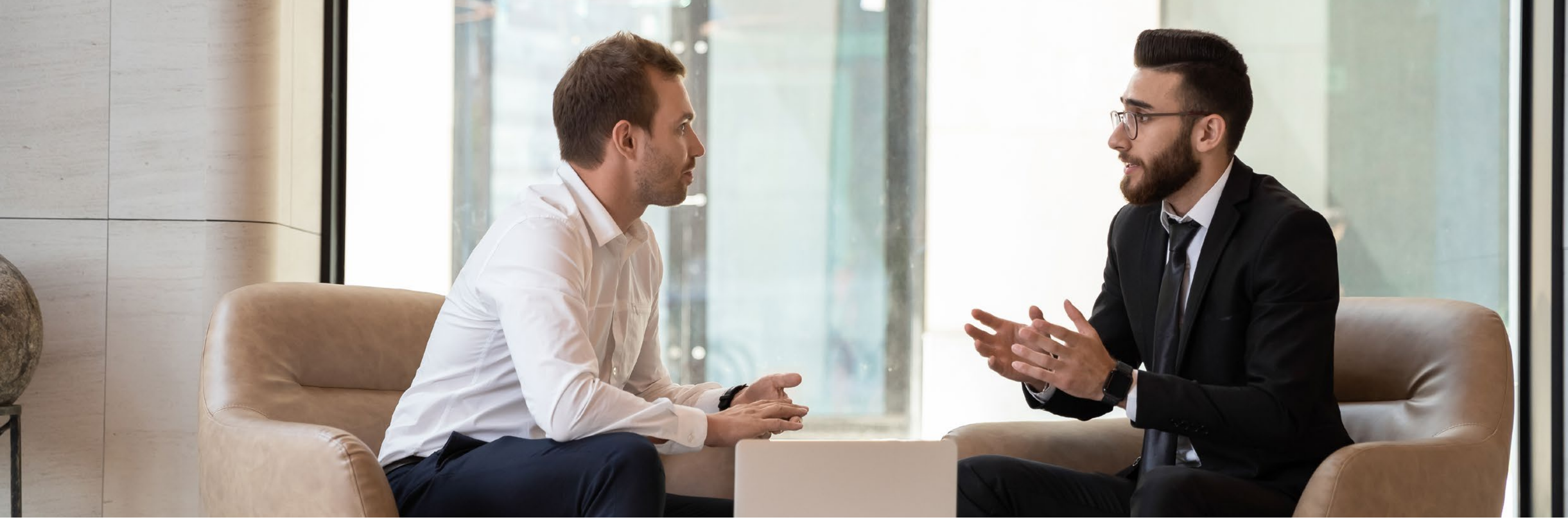


FAMILY BUSINESS FINANCE TOP TIPS

Need to raise finance for your family business? Here are our six top tips

1 The ability of a business to raise finance, in the majority of cases, depends on the assets available to a lender against which it can secure its lending. Consider freehold or leasehold property, debtor book or inventory and whether such assets are already charged to any prior funder. This will determine the type of lending available (property finance, asset finance or invoice finance). If the business owns its own property, consider if a sale and leaseback provide sufficient funding for future growth.

2 Lenders back good people. The credibility of the management team is crucial. Does the business have a good story to tell? Where has the business come from and where is it going? A business that can demonstrate a good track record of growth and has the ambition and commitment - based on a strong business plan with milestones and KPIs - to develop and grow to the next level is more likely to be attractive to and secure funding from investors/lenders.

3 If considering any of the current Covid-19 government backed lending schemes, you need to act fast. The deadline for applications to CBILS, CLBILS, the Bounce Back Loan Scheme and the Future Fund has been extended to 30 November 2020. Schemes such as CBILS will include a 12 month interest and fee free period.

4 Whilst your existing bank is an obvious first port of call, also consider other sources of funding such as additional equity investment, issue of loan notes or bonds, high net worth investors, crowd funding, alternative lenders and grant funding.

5 Lenders will pay close attention to a business' financial health and therefore the quality of information you provide to them is key. Consider whether a new Finance Director appointment is required to drive through any expansion programme. If the business cannot support a full time FD role, consider engaging the support of a specialist finance professional who can work with you to make your business attractive to investors/funders to ensure that any funding application is successful first time around.

6 Be clear on your funding requirement including how long it is needed for, as this will impact the type of funding and security required.

For more information on financing your family business, contact

Tim Littler, Partner, Banking and Finance

M: 07725 242 593 I **E:** tlittler@hcrlaw.com

Is your business a legacy or a millstone?

IS YOUR BUSINESS A LEGACY OR A MILLSTONE?

For many family business owners, a key factor in a wide range of decision-making is whether they perceive their business to be an asset worth preserving for future generations, or a headache they would sooner not pass on. This emotional push or pull can be incredibly powerful.

I have witnessed a number of entrepreneurs dissuade their children from joining the family firm. Often this is on a "not now" basis, with parents keen for the next generation to earn their stripes elsewhere first; but sometimes it is a clear "not ever".

Once our entrepreneur has reached this crossroads, their attitude towards their business can change dramatically.

The realisation that the business may not pass from one generation to the next can see a subtle shift of focus, from growth and expansion to protection and ring-fencing. Whilst understandable, the desire to guard the nest egg can lead to caution. A reluctance to expend capital can – at worst – stifle an otherwise healthy business and can ultimately undermine the value our entrepreneur is seeking to protect.

Conversely, where there is an expectation that the business will pass to future generations, the present owner-managers are frequently prepared to invest for the longer term, even if they may not (directly) reap the rewards. This is especially the case when it comes to investment in tangibles, such as property.

Of course, the answers to the "what next?" questions inevitably necessitate a degree of planning.

If children are joining the business, now or at some future point, will they take equity? How will decisions be taken, if and for so long as there are multiple generations in the business? Who (if anyone) calls the shots? How and when will the founders retire?

These sorts of issues will need to be considered and it is wise for them to be documented (which is frequently done by way of shareholders' agreement).

What if not all siblings will be involved? Parents will want to make sure their wills make adequate provision for all children – often by specifically allocating business and personal assets.

If the business is not going to be passed on, how can the value be realised? Trade sales tend to be attractive, but timing is crucial – parents will often want (or need) to preserve income for a period before they receive a capital sum, but if a sale is left too late and the business has suffered from under-investment, the value can be diminished.

Business owners are sometimes attracted to the idea of separating the trade from the property, and selling the former but retaining the latter as a "headache-free" income stream for them and their next-of-kin. My real estate colleagues will have a view on the extent to which property is "headache-free", but a restructure of this sort requires careful consideration and input from tax as well as legal advisers.

Whatever decisions are reached, experience shows that it is never too early to engage with professionals when planning to sell.

Lenders will pay close attention to a business' financial health and therefore the quality of information you provide to them is key. Consider whether a new Finance Director appointment is required to drive through any expansion programme. If the business cannot support a full time FD role, consider engaging the support of a specialist finance professional who can work with you to make your business attractive to investors/funders to ensure that any funding application is successful first time around.

For advice on taking the next steps with your family business, contact

Tom Bartley-Smith, Partner, Corporate

M: 07471 497 665 | **E:** tbsmith@hcrlaw.com

Immediate action for anyone with a commercial lease they no longer need

IMMEDIATE ACTION FOR ANYONE WITH A COMMERCIAL LEASE THEY NO LONGER NEED

For advice on a commercial lease you no longer need, contact

Philip Parkinson, Partner, Head of Real Estate in Worcester and London

M: 07917 777 893 I **E:** pparkinson@hcrlaw.com

Three top tips for anyone thinking of selling their family business

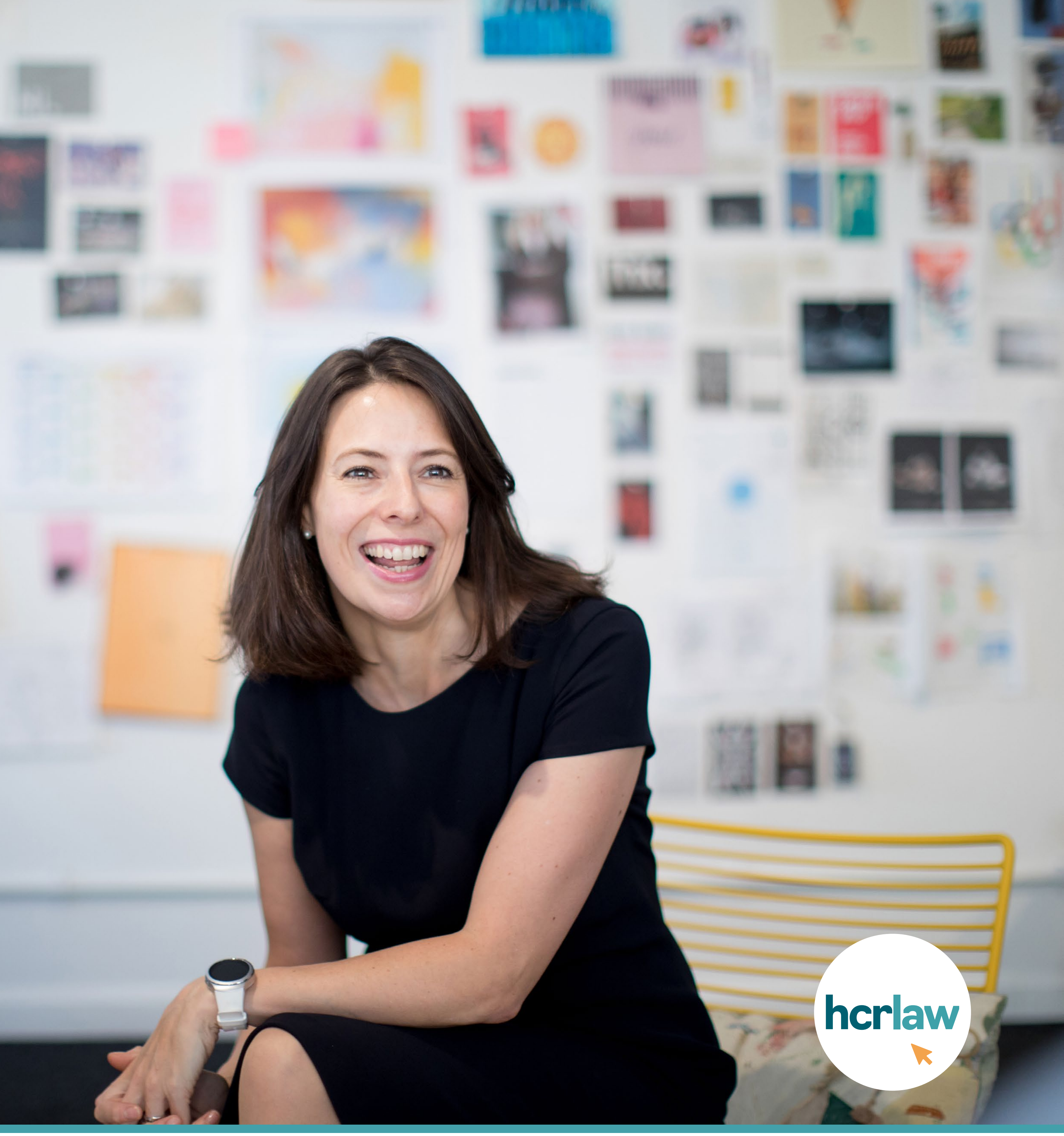
THREE TOP TIPS FOR ANYONE THINKING OF SELLING THEIR FAMILY BUSINESS

For advice on selling your family business, contact

Tom Bartley-Smith, Partner, Corporate

M: 07471 497 665 I **E:** tbsmith@hcrlaw.com

Talk to us



TALK TO US

Charlotte Thornton-Smith, Partner, Head of Worcester Office

M: 07790 131 843 | **E:** ctsmith@hcrlaw.com

A PASSION FOR PEOPLE

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