



**CDB SEMINAR
ON SUCCESSION
BIRMINGHAM
1 OCTOBER 2003**

NEGOTIATIONS 1

STEERING GROUP

- FORM A SMALL STEERING GROUP (4-8 PEOPLE)
- CREDIBLE GROUP
- LEADERSHIP
- SKILLS MIX
- NUCLEUS OF FUTURE BOARD

NEGOTIATIONS 2

COMMUNICATION

- CONFIDENTIALITY
- COMMUNICATION WITH THE WIDER GROUP:-
 - MEETINGS
 - NEWSLETTERS
 - MAILINGS
 - WORD OF MOUTH

NEGOTIATIONS 3

COMMUNICATION WITH OWNERS

- NEGOTIATION THROUGH PROFESSIONAL ADVISORS
 - CREATES DISTANCE
 - HANDLING DIFFICULT TO RESOLVE ISSUES
 - EMPLOYERS AND EMPLOYEES
- POKER
- KEEPING YOUR NERVE

NEGOTIATIONS 4

PRIVATE OWNER ISSUES

- GETTING THEIR MONEY OUT
- SAVING 'THEIR BABY'
- DIFFICULTY IN LETTING GO
- CAPRICIOUSNESS

NEGOTIATIONS 5

LOCAL AUTHORITY ISSUES

- LARGE, COMPLEX ORGANISATIONS
- DIFFERENT AGENDAS
- POLITICS
- PUBLIC SERVICE DELIVERY
- WHAT'S LEFT BEHIND

NEGOTIATIONS 6

RECEIVERS ISSUES

- BEST DEAL FOR CREDITORS
- PLAY BIDDERS OFF AGAINST EACH OTHER
- SECRETIVE
- HARD-NOSED

BUILDING THE BUYOUT TEAM

- APPOINTING PROFESSIONAL ADVISORS IS IMPORTANT FOR BUYOUT CREDIBILITY
- CDB ADVISOR
 - CORE ADVISOR
 - CO-ORDINATION
 - HANDHOLDING
 - REASSURANCE

BUILDING THE BUYOUT TEAM

- LEGAL
 - DUE DILIGENCE
 - TRANSFER AGREEMENT
 - CLIENT ACCOUNTS
- FINANCIAL
- PENSIONS

WHO PAYS?

LEGAL STRUCTURES 1

UNINCORPORATED

- PRO'S
 - QUICK TO FORM
 - EASY TO OPERATE
- CONS
 - NO CORPORATE STATUS
 - INFINITE LIABILITY FOR MEMBERS
 - NO EQUITY

LEGAL STRUCTURES 2: COMPANY LIMITED BY GUARANTEE

- PROS:-
 - EASY TO ADMINISTER
 - CORPORATE STATUS/LIMITED LIABILITY
 - COMMON IN THE 'THIRD SECTOR'
- CONS:-
 - UNFAMILIAR IN THE BUSINESS SECTOR
 - NO EQUITY

LEGAL STRUCTURES 3: COMPANY LIMITED BY SHARES

- PROS:-
 - FAMILIAR BUSINESS STRUCTURE
 - PROVIDES EQUITY
 - ESSENTIAL FOR ESOPS
- CONS:-
 - NOT DESIGNED FOR 'THIRD SECTOR'
 - DIFFICULT TO HAVE ONE MEMBER, ONE VOTE
 - ADMINISTRATION HEAVY

LEGAL STRUCTURES 4: INDUSTRIAL AND PROVIDENT SOCIETY

- PROS:-
 - DESIGNED FOR 'THIRD SECTOR'
 - PROVIDES EQUITY
 - LIGHTER ADMINISTRATION THAN CLS
- CONS:-
 - UNFAMILIAR STRUCTURE
 - CAN'T DO ESOP
 - CAN BE INFLEXIBLE