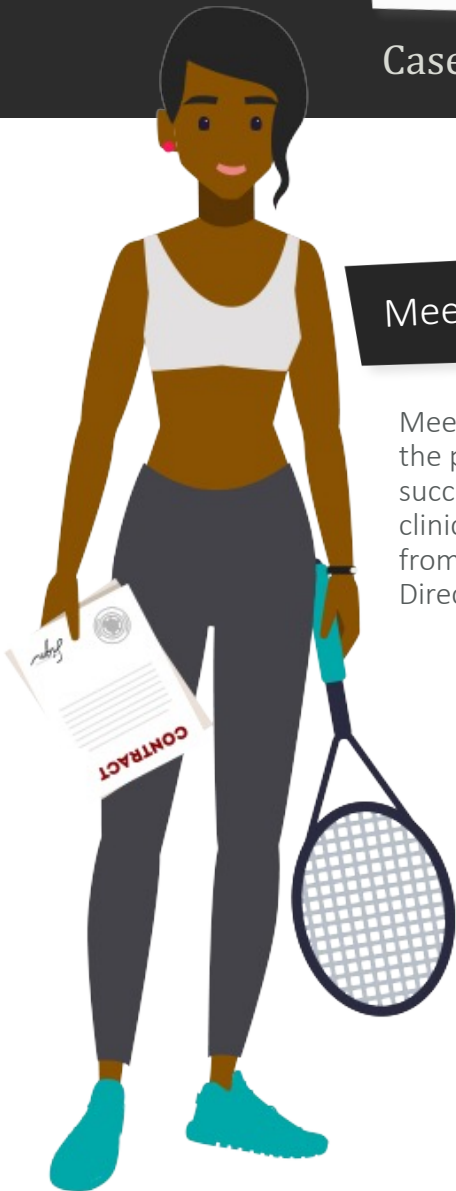


The Story...

Case Study: Venus & Serena - Dynamic Sports Duo



Meet Venus Williams

Meet Venus Williams, she is the proud business owner of a successful sports massage clinic that she recently bought from her sister, and former Director, Serena Williams.

The Dilemma

Prior to Venus' share purchase and acquisition of the business, Serena bought an online Customer Relationship Management (CRM) system from a company called Sports Support Services (SSS), and entered a contractual agreement to manage the business client data, appointments and stock control etc. Serena made monthly payments for these services via direct debit.

After Venus bought the business, Venus noticed irregular direct debits on the business bank account without her consent. Venus could not reconcile these financial figures and SSS did not provide her with invoices. Venus made several queries and SSS failed to deal with them adequately. In frustration, Venus terminated the service agreement contract. A dispute ensued between the parties.

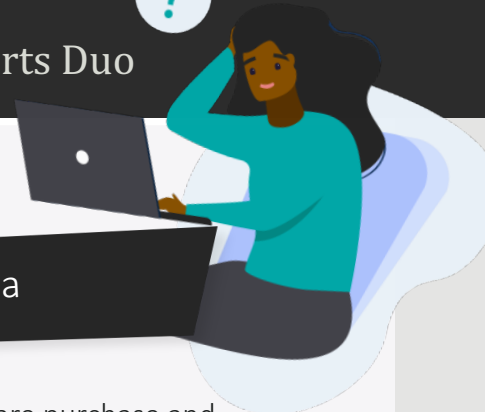
What went wrong...



SSS disconnected the CRM service at her busiest trading period, without giving Venus any notice. Venus' business suffered significant loss as a result. The CRM software was critical to the functioning of her business. All her client data, intellectual property and sales records were hijacked. Overnight, Venus lost half of her business goodwill.

A very cheated-off Venus, double-checked the business acquisition documents and realised that she failed to conduct proper due diligence checks before buying the business. She subsequently found out that the service agreement contract was badly drafted. She further discovered that Serena was a dodgy Director and the business owed multiple debts to several suppliers prior to her purchase of the business.

SSS sued Venus and applied for a Winding Up Petition. Venus was frantic with worry as her business was on the brink of collapse.



Our Solution...



Case Study: Venus & Serena Dynamic Sports Duo

What Venus should have done...

Venus should have instructed a competent firm of solicitors to conduct the business due diligence before acquiring the business from Serena. Furthermore, her solicitors would have conducted a background and credit check on the vendor of the business. Her very competent solicitors would have done the following:

What it would have cost

= £3,000 - £5,000
(for a typical small
business purchase)

What it did cost

£10,000
+ legal costs + sleepless nights,
broken relationships, not to
mention dissatisfied customers
and loss of business goodwill

- Read through all the contracts and explained them to Venus.
- Drafted a solid share purchase agreement which would have held Serena liable for any misrepresentations made or outstanding debts at the time of the business purchase.
- Ensured that all the company's tax returns were in order.
- Finally, they would have carried out a proper inventory of the business assets.

(Disclaimer - The above is not an exhaustive list of the key steps involved in a business purchase – it is illustrative only)