

# Chapter 4 - Big picture concerns in exit timing

## Speakers

**Russell Prior**

Managing Director and Regional Head of Family Governance, Family Office Advisory & Philanthropy, for HSBC Private Banking in EMEA

**Andra Ilie**

Senior Adviser, Family Governance, Family Office Advisory & Philanthropy, for HSBC Private Banking in EMEA

**Tobias Sommer**

Managing Director, Mid-Market M&A, HSBC Investment Banking

**Willem Sels**

Global CIO, HSBC Global Private Banking

**Anna Macrae**

Senior Director, Corporate Banking Origination, HSBC UK

**Nicola Roberts**

Partner, Deloitte Private

**John Barnett**

Partner, Burges Salmon LLP

**Greg Limb**

Partner, Global Head of Family Office and Private Client, KPMG LLP

**Sophie O'Connor**

Partner, Norton Rose Fulbright LLP

## Transcript

**Russell Prior**

Our final chapter explores the role and effects of the wider macro environment on a business exit. For instance, how interest rates, elections and geo-political uncertainty can each play a part. We conclude by examining the role of resilience in managing the effects of timing in an exit.

**Andra Ilie**

When we look at what is going on in the world, we ask our speakers whether there are any factors that may indicate favourable timing for a business exit.

**Tobias Sommer**

The short answer is yes, macro conditions such as high interest rates or geo-political events can have a bearing on the timing of an exit. Other considerations to take into account are the valuation levels in the stock markets, the availability and cost of leverage, and confidence levels, all of which can be positive or negative in achieving a successful exit.

**Willem Sels**

Part of preparing ahead of time is trying to figure out whether you are likely to be able to get a trade buyer, or whether you want to look at financial buyers or even do an IPO. All of this gives you more options and therefore more flexibility when you want to sell your business.

**Russell Prior**

We've explored market and economic factors. Let's now turn to the effect of socio-economic and geo-political events.

**Tobias Sommer**

In the last few years, we have obviously seen a huge amount of events from Brexit, to the pandemic, to wars, to global financial crises, and they all have an impact on an eventual sale process. The one thing to bear in mind is that we cannot forecast these events, but what we can do is be as prepared as possible for the eventual sale of the company.

**Willem Sels**

Geo-politics and the election cycle can have an impact on the timing of your sale because it can either lead to lower valuations or even make liquidity completely dry up. So either you want to be ahead of such events, or wait until they have passed. In terms of macro elements, which will have an impact on valuations as well as the ideal timing of the sale, the economic cycle is important, but also the interest rate cycle because that will have quite a big impact on the valuations as it impacts the public markets.

**Andra Ilie**

Thinking about what we've heard, it's clear that the business owner has an enormous number of factors to contemplate, let alone manage when thinking about their business exit. With all of the uncertainty that this implies, the high levels of resilience are going to be key. We close by asking our guests for their perspectives on this really important point.

**Nicola Roberts**

Resilience is really important and I almost think about it in terms of not becoming too emotionally attached to the outcome if you are looking at a sale. I think business owners need to be very resilient, as they have been managing a privately owned business, and will have seen all sorts of ups and downs over the period that they've owned, built and grown that business. So the same applies in any kind of sale process.

**Sophie O'Connor**

I think an exit process is a challenging process, and working with business owners and entrepreneurs, I think business owners are typically quite resilient characters, otherwise they would not be in the position of having built a business that is attractive as a sale target. And I think the conflict that some business owners have, is they are the experts in what they have done and what they have developed.

**Greg Limb**

I think that business owners and entrepreneurs, and particularly the ones I deal with, are incredibly resilient in their nature anyway. It's what got them to be where they are today. It's often what drives them in their business. And often you'll find that even those entrepreneurs who don't quite get what they want out of the business the first time round on a sale, or an exit, or whatever comes from there, are looking to go again. Their resilience drives them forward and really makes them passionate about what they're doing and making themselves successful, successful again or twice as successful.

**Russell Prior**

We've heard a range of really interesting insights and reflections from our experts. Macro-economic, geo-political and socio-economic factors all have an impact on timing and business exit. It is of course clear that you can't forecast momentous events, but what you can do is plan for, and prepare for your exit strategy. Resilience is also key, so make sure you're personally prepared too.

If you haven't watched the other chapters in our 'Is Timing Everything?' episode, you can catch-up on our Beyond Business Ownership webpage, [www.privatebanking.hsbc.com/beyond-business-ownership](http://www.privatebanking.hsbc.com/beyond-business-ownership).

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