



PREPARING YOUR BUSINESS FOR SALE

By Peter C. King, CEO VR Business Sales / Mergers & Acquisitions

The best time to prepare a business for sale is years before it goes to market. Buyers pay for confidence, and confidence is built long before the first meeting. Owners who treat exit preparation as part of running the company consistently sell faster, at higher prices, and on better terms than those who decide to sell and list the business the same month.

GET THE FINANCIALS READY

Nothing shapes a buyer's first impression like the quality of the books. Before going to market, every owner should:

- Assemble at least three years of clean, professionally prepared financial statements.
- Document owner add-backs and one-time expenses so true earning power is easily verified.
- Separate personal expenses from the business completely.
- Resolve aging receivables, obsolete inventory, and any loose ends that invite questions.

Clean records do more than support the asking price. They shorten due diligence, reduce renegotiation, and signal that the whole company is run with the same discipline.

REDUCE OWNER DEPENDENCE

A business that cannot run without its' owner is worth less than one that can. Buyers discount heavily for key-person risk, and the owner is usually the key person. In the years before a sale:

- Build a management team that can operate day to day without you.
- Document core processes so knowledge lives in systems, not in one person's head.
- Diversify the customer base so no single relationship depends on the owner personally.
- Put key customer, supplier, and employee agreements in writing.

Every step that makes the business less dependent on you makes it more valuable to someone else. That is the paradox of a well-prepared exit: The easier you are to replace, the more you are paid.

VALUED REPRESENTATION

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TIME THE MARKET AND YOURSELF

Owners often wait to sell until growth has flattened or energy has faded, which is precisely when buyers pay the least. The strongest exits combine three kinds of timing:

- Business timing, selling on a demonstrated upswing rather than after the peak.
- Market timing, when industry conditions and financing markets favor sellers.
- Personal timing, when the owner is ready for what comes next.

No owner controls all three, but preparing early creates the flexibility to act when they align, instead of being forced to sell when they do not.

KEEP THE PROCESS CONFIDENTIAL

Word of a pending sale can unsettle employees, customers, and competitors before a deal is even signed. Work with an experienced intermediary who markets the business through blind profiles, qualifies buyers before revealing the company's identity, and requires confidentiality agreements at every stage. A disciplined, confidential process protects the business's value while the sale moves forward.

MAKING IT WORK

Clean financials, a self-sufficient organization, thoughtful timing, and a confidential process are the foundation of a successful exit. When buyers see a business that runs well and records that prove it, negotiations start from strength.

Preparation takes effort, but the investment pays substantial dividends. Owners who take these steps consistently attract more qualified buyers, defend their price through due diligence, and leave the closing table with both a stronger outcome and a business positioned to thrive under new ownership.