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VALUED REPRESENTATION

## EXIT PLANNING: BUILDING VALUE BEFORE YOU SELL

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

Most privately held business owners treat the sale of their company as an event. The most successful exits treat it as a multi-year process. Buyers do not pay for potential they cannot see, systems they cannot transfer, or earnings that disappear when the owner walks away.

### START WITH THE END IN MIND

A credible exit plan answers four questions before the first buyer conversation:

- What is the business worth today on a transferable basis?
- What would a sophisticated buyer pay after risk adjustments?
- What gaps must close in the next 12–24 months?
- And what after-tax proceeds does the owner need for the next chapter?

### THE VALUE DRIVERS BUYERS ACTUALLY PRICE

Financial performance matters, but quality of earnings and durability of cash flow matter more.

Buyers consistently underwrite these drivers:

- Recurring or contracted revenue that does not depend on the owner's personal relationships.
- Documented processes and a management bench that can operate without the founder.
- Clean books, defensible add-backs, and tax compliance.

### NORMALIZE BEFORE YOU MARKET

Owners often overstate value by treating personal expenses, one-time events, and under-market owner compensation as permanent earnings. A professional EBITDA recast supported by clear work papers can mean the difference between a credible asking price and a deal that dies during quality-of-earnings review.



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### REDUCE OWNER DEPENDENCY

Key-person risk can create a major discount for a privately held company. If customers call the owner, vendors negotiate only with the owner, and decisions wait for the owner, the buyer is purchasing a job, not a business. Move relationships, approvals, and institutional knowledge to people and systems that remain after closing.

### SEQUENCE THE WORK

A practical 12–24 month exit roadmap typically follows this order:

- Confidential valuation and gap analysis against likely buyer type.
- Financial cleanup, quality-of-earnings readiness, and tax structure review.
- Go-to-market strategy: timing, buyer universe, and confidentiality protocol.

### CONFIDENTIALITY IS PART OF VALUE

A poorly contained sale process can leak to employees, competitors, and customers, and value can evaporate. Professional representation helps create competitive tension without broadcasting that the company is for sale. Staged disclosure, qualified buyers, and a controlled data room protect both price and the going concern.

### THE PAYOFF

Owners who start early sell from a position of strength, negotiate from facts rather than hope, and leave behind a company that can thrive without them. That is what buyers pay a premium for.

**Invest the time now. The buyer you want is already looking for a business that is ready.**

If you would like to discuss how VR can help you navigate your next transaction, please reach out.