



## Exit Checklist

### Current Status

- Identify personal and professional goal to be achieved by sale
- Solid business plan or need an upgrade/update
- What potential issues could buyer have with the business
  - Excessive customer concentration
  - Dependence upon one or two key employees
  - Will key employees stay after sale?
  - Non-competition agreements in place with employees, customers, and vendors
  - Undocumented systems
  - Excessive dependence upon owner for operational or sales systems
  - Declining sales or profits
  - New competitive entrants
  - Technological shift/risk
  - Economic risks
  - Customer preference shifts
  - Are you exiting the business for a "bad" reason?
- Assess competitive position
- Create strategy for minimizing impact of sales process on the business or employees

### Assess Value

- Size of business (sales/assets)
- Profit > \$1MM?
- Typical pricing formula for the industry
- New products/services/other upside potential?
- Recast financials
- Any positive or negative tax implications for buyer/seller?
- Hire appraiser if necessary

### Prepare for Sale

- Establish timeline
- Document all important relationship
- Document all operational & IT processes



## Exit Checklist

- Document all marketing & sales processes
- Eliminate owner's discretionary expenses
- Nurture/stabilize key customer, employee, and vendor relationships
- Anticipate buyer due diligence needs and prepare documents
- Prepare Blind Offering Prospectus
- Prepare "scripts" to explain difficult buyer questions/issues
- Read a negotiation book
- Find an outside business advisor to act as your sounding board
- Find attorney

## Marketing

- Identify sources of buyers
  - Brokers
  - Internet
  - Joint venture partners
  - Vendors
  - Customers
  - Your network
  - Employees
- Initiate contact with non-traditional buyers
- Screen qualified candidates
- Negotiate with multiple buyers
- Get Letter of Intent (LOI)

## Negotiation

- Explore various deal structures
- Negotiate key terms & create and Agreement to Agree
- Bring in the attorneys to finalize the deal
- Sign and get paid

## Post Deal



## Exit Checklist

- Make sure business is running profitably so you collect the holdback
- Maintain key relationships on LinkedIn
- Enjoy