



Exit Planning Checklist

Avoid costly mistakes, maximize value, and protect your legacy.

1. Allow Enough Time to Plan

- Start preparing 2–3 years before exit (ideal runway).
- Identify a second-in-command to reduce owner dependency.
- Map out succession options (family, employees, outside buyer).
- Get an outside perspective (coach, CPA, advisor, trusted peer).
- Refresh first impressions: signage, website, uniforms, customer reviews.
- Document systems & processes (training manuals, SOPs).
- Ask: If I stepped away tomorrow, could the business run smoothly without me?

2. Strengthen Financial Records

- Keep 2–3 years of clean, organized financials (ideally accrual-based).
- Work with a CPA to reconcile books and prepare reports buyers trust.
- Separate personal vs. business expenses (cars, family payroll, meals).
- Track discretionary expenses and prepare a clear add-back schedule.
- Avoid relying on a 'hockey stick' year — show consistent earnings.
- Ensure tax returns reflect true profitability (consider restating if necessary).
- Prepare detailed support for unusual or one-time expenses.

3. Understand Business Value

- Get a professional valuation every few years (not just an estimate).
- Review and address key value drivers: customer concentration, owner dependency, systems, and growth potential.

- Compare your company to industry benchmarks and multiples.
- Position gaps as opportunities for the buyer, not weaknesses.
- Avoid pricing based on what you need to retire; align with market data.

4. Expand Buyer Options

- Don't assume the buyer is already chosen (family, employee, competitor).
- Test the open market to generate multiple offers.
- Prepare a confidential marketing plan to attract qualified buyers.
- Screen for real commitment (LOI, deposits, lender approvals).
- Avoid relying on verbal promises — insist on written agreements.
- Create competitive tension — more buyers = stronger offers & terms.

5. Prepare Financing Options

- Understand SBA loan requirements — your business must qualify (not just the buyer).
- Prequalify your business with an experienced SBA lender.
- Be open to seller financing (partial note often speeds up closings).
- Explore combination structures (SBA + seller note, SBA + earn-out).
- Discuss tax advantages of financing options with your CPA.
- Ensure cash flow supports both loan repayment and buyer's lifestyle needs.

6. Protect Your Legacy

- Clarify your personal goals (retirement, next chapter, legacy).
- Communicate transition plans with key employees and stakeholders.
- Decide what happens with your brand, values, and culture post-sale.
- Work with advisors to maximize both financial return and legacy continuity.

■ If you can check most of these boxes, you're in strong shape.

■■ If many are unchecked, now is the time to start preparing.

Remember: 80% of businesses fail to sell because owners skip planning. By avoiding these five mistakes, you position yourself among the 20% who exit successfully — with pride, profit, and peace of mind.