



## Business Exit Readiness Checklist

Achieving a premium exit starts with smart preparation. Our Exit Readiness Checklist ensures you uncover every opportunity and gap before buyers even see them.

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**Use this checklist to determine how prepared your business is for a successful and profitable exit:**

### Financial Readiness

- Last 3 years of profit & loss statements are accurate and organized
- Balance sheets are up to date
- Tax returns match financial statements
- Clear breakdown of add-backs (owner salary, personal expenses, one-time costs)
- Revenue and gross margin trends are stable or improving
- Accounts receivable and payable are clean
- Inventory is current and properly valued
- No major unresolved financial disputes

**Goal: Clean, defensible numbers that buyers and lenders trust**

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### Earnings Quality

- Seller's Discretionary Earnings (SDE) or EBITDA is clearly calculated
- Customer concentration is below 20–25% per client
- Recurring or repeat revenue is identifiable
- Gross margins are consistent
- Major expenses are documented and justifiable

**Use this checklist as a framework. Consult advisor for personalized guidance.**

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**Goal: Predictable, transferable cash flow**

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**Operational Independence**

- Business does not rely entirely on the owner
- Management team or key employees are in place
- Documented SOPs and processes exist
- Employees have clear roles and responsibilities
- Owner responsibilities can be transitioned

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**Goal: A business that runs without you**

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**Legal & Structural Preparedness**

- Leases are transferable or renewable
- Key contracts are assignable
- No pending lawsuits
- Corporate records are organized
- Shareholder/partner agreements are updated
- Licenses and permits are current

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**Goal: No legal surprises during due diligence**

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**Risk Reduction**

- Diversified customer base
- Diversified supplier base
- Long-term contracts where possible
- Strong online reputation
- Clear competitive advantages
- Minimal regulatory exposure

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**Goal: Lower perceived risk = higher valuation multiple**

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**Growth Story**

- Identifiable growth opportunities

**Use this checklist as a framework. Consult advisor for personalized guidance.**

- Untapped markets or channels
- Expansion potential (geographic, product, service)
- Capital investment opportunities that increase revenue
- Clear narrative explaining why the business will continue to grow

**Goal: Buyers pay for future potential, not just past performance**

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### Personal Exit Planning

- Clear timeline for exit (0–12 months, 1–3 years, 3–5 years)
- Defined financial goal
- Post-sale plans identified
- Willingness to stay for transition period
- Emotional readiness to sell

**Goal: Alignment between financial and personal objectives**

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### Scoring Guide

- ✓ 32–40 checks = Strong
  - ✓ 20–31 checks = Needs optimization
  - ✓ Below 20 = Preparation required before market
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