



Sale Readiness Checklist

A practical guide for owners who are thinking about selling, whether next year or five years from now.

Most owners sell a business once. Buyers, on the other hand, review companies for a living, and their diligence teams tend to ask the same questions in the same order. The good news is that nearly every issue a buyer raises can be addressed ahead of time, and the work you do now often shows up directly in price, terms, and a smoother closing. Use this checklist as an honest self-assessment. Check off what is already in place, and circle what deserves attention. There are no wrong answers, only a clearer picture of where to start.

1. Financials and add-backs

Buyers pay for earnings they can believe. Clean, consistent records build that confidence quickly.

- ☐ Three to five years of financial statements, ideally on an accrual basis and reviewed or prepared by an outside CPA
- ☐ Tax returns that reconcile to the financial statements, with any differences explained
- ☐ A written list of add-backs (owner compensation above market, personal expenses, one-time costs) with receipts or other support for each
- ☐ Monthly revenue, gross margin, and expense trends for at least the past 24 months
- ☐ Clear separation of personal and business spending going forward
- ☐ Current accounts receivable aging, inventory counts, and a realistic view of working capital needs

2. Owner dependence

A company that runs well when you step away is worth more and is far easier to transfer.

- ☐ Key customer and vendor relationships are shared with at least one other person on the team
- ☐ Pricing, purchasing, and hiring decisions can be made without you in the room
- ☐ You could take a two-week vacation without the business missing a beat
- ☐ You have thought about how long you are willing to stay on after a sale, and in what role

3. Customer concentration

Buyers look closely at how revenue is spread. Heavy reliance on a few accounts is common, and it is manageable when it is understood.

- ☐ You know what share of revenue your top one, five, and ten customers represent
- ☐ No single customer is above roughly 20 to 25 percent of revenue, or you have a plan to broaden the base
- ☐ Key customer agreements are in writing, and you know whether they can be assigned to a new owner
- ☐ Recurring, contracted, or repeat revenue is documented and easy to show

4. Documentation and systems

Organized records shorten diligence and reduce the chance of surprises late in the process.

- ☐ Written procedures for core operations, so the way work gets done does not live only in people's heads
- ☐ An up-to-date list of equipment, vehicles, and other major assets, with titles and maintenance records
- ☐ Insurance policies, permits, and licenses current and kept in one place
- ☐ Reliable accounting, inventory, and customer systems that produce reports on request

5. Legal and corporate

Small legal loose ends can slow a deal or reshape its terms, so it pays to find them early.

- ☐ Corporate records, operating agreements, and ownership records current and signed
- ☐ Agreement among all owners on whether, when, and how to sell
- ☐ No unresolved litigation, tax notices, or regulatory matters, or a clear summary of any that exist
- ☐ Trademarks, software, domain names, and other intellectual property owned by the company
- ☐ Employment, noncompete, and confidentiality agreements reviewed by your attorney
- ☐ Environmental matters understood, especially for manufacturing, recycling, or industrial sites

6. Real estate and lease

Where the business operates matters to a buyer, and owner-held real estate adds options worth planning.

- ☐ If you lease, the lease term runs well beyond a likely closing date, and you know whether it can be assigned
- ☐ If you own the property, you have decided whether to sell it with the business or lease it to the buyer
- ☐ Any lease between you and the company reflects fair market rent
- ☐ Facilities are in good repair, with no deferred maintenance that a buyer would discount

7. Team

Your people are often what a buyer values most. Helping them stay through a transition protects everyone.

- ☐ A capable second tier of managers who can lead day to day
- ☐ An organizational chart with roles, tenure, and compensation for key employees
- ☐ Thought given to retention or stay bonuses for people critical to the transition
- ☐ Employee handbook, benefit plans, and payroll records current and compliant

8. Personal readiness

A sale is a business event and a personal one. Owners who know what they want tend to make better decisions under pressure.

- ☐ Clear goals for price, timing, and the kind of buyer you would welcome
- ☐ A realistic view of after-tax proceeds, reviewed with your CPA and financial advisor
- ☐ Estate and family considerations discussed with the people who matter
- ☐ Comfort with structures buyers often propose, such as seller notes, earnouts, or retained equity
- ☐ A sense of purpose for what comes next, so the closing feels like a beginning

Want to talk through your answers?

We have walked alongside owners through every stage of this list. Michael Keck brings 17 years of sell-side M&A experience, and Steve Keck, our CEO and Managing Partner, guides each engagement. A first conversation is confidential and carries no obligation, and we are glad to work alongside your CPA and attorney.

Request a confidential conversation at fivetalentsfinancialgroup.com/contact

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