UPFRONT CLARITY

EXIT PLANNING

The Exit Planning Checklist: What to Do Three Years Before You Sell

Most business owners start thinking about selling too late.

By the time they engage a broker or investment banker, there are three to five years of decisions that cannot be undone, decisions that directly affect valuation, deal structure, and how much they actually walk away with.

I have been on both sides of the table. As CFO at Sightlines, I helped position the company for a sale that returned a significant multiple for our investors. The preparation started years before any buyer came into the room.

What That Preparation Looks Like

Clean up your financials. Buyers will scrutinize three years of statements. Inconsistencies, informal accounting, or mixed personal and business expenses are red flags that compress your multiple.

Build recurring revenue. Predictable, contracted revenue is valued higher than project-based income. If you can shift the model, do it early.

Document your processes. A business that runs on the owner's relationships and institutional memory is hard to sell. Buyers want a business that runs without you.

Understand your EBITDA, and what adjusts it. Add-backs are legitimate, but buyers will scrutinize every one. Know what your normalized EBITDA is before they ask.

Identify your buyer universe. Strategic buyers, private equity, and individual acquirers value businesses differently. Knowing who your likely buyer is shapes how you prepare.

Three years is not too early. For many businesses, it is just enough time.

Let's talk about where your business stands today. Upfront Clarity helps owners prepare for a sale years before the buyer arrives. Start with a free conversation at www.upfrontclarity.com or call (203) 530-1180.