STIFEL | Saks Wealth Management Group

10 Things to Consider Before Selling Your Business

Roger Saks, AIF®
Managing Director/Investments

(212) 328-1680
roger.saks@stifel.com

1. Get a professional business valuation.

Understanding what your business is truly worth can help you set a realistic asking price and strengthen your negotiating position.

2. Clean and organize your financials.

Prepare clear profit and loss statements, tax returns, and balance sheets for the past three-to-five years. Buyers want transparent, accurate financial information.

3. Reduce owner dependency.

Document processes and ensure your team can operate independently. A company that runs efficiently without the owner's day-to-day involvement can potentially have increased valuation.

4. Review and update contracts.

Check customer, vendor, and employee agreements for renewal dates, transferability, and potential risks that might impact a sale.

5. Resolve outstanding legal or compliance issues.

Ensure all licenses are current, disputes are addressed, and regulatory obligations are met to avoid delaying the sale while due diligence is conducted.

6. Protect and organize intellectual property.

Make sure trademarks, domain names, patents, and proprietary materials are properly registered and owned by the business.

7. Normalize your financial statements.

Remove personal expenses and clearly document add backs, so buyers see the true profitability and cash flow of the business.

8. Identify growth opportunities for the buyer.

Document a few ways the business can potentially expand – i.e., new markets, products, or efficiencies. Buyers often pay more when they see future upside.

9. Assemble your advisory team.

Engage an attorney, accountant, and (if appropriate) a broker or merger and acquisition advisor to help guide negotiations, structure, and documentation.

10. Prepare your transition and exit plan.

Outline how you'll transfer knowledge, introduce key relationships, and support the new owner. A smooth transition tends to reduce buyer risk.

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3 Bryant Park, 3rd Floor | 1095 Avenue of the Americas | New York, New York 10036

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