



# Avoiding Deal Disasters:

## *The Checklist Every Business Owner Needs Today*

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Ethan owns a thriving business which has grown into a profitable \$7 million enterprise. After twenty-seven years of 14-hour days, he is finally ready to sell. But there is a problem - he doesn't actually know if he is “**deal ready**.”

The M&A market is clear: serious buyers are out there - but they're bringing more scrutiny than ever. If you want top dollar for your business when you exit, your financial story needs to be rock solid from day one.

### **The #1 deal killer...**

is a business that's truly “**NOT deal-ready**.” This leads to drawn-out due diligence, lost buyer confidence, and you scrambling to defend your numbers. Selling your business is likely the biggest financial move you will ever make. You normally get one strong shot to exit and going back to the market again rarely leads to better results.

The fix is simple: shore up your financial foundation well before you hit the market. One critical tool is the **Quality of Earnings (QoE) report** which digs deeper than standard financial reports to prove your company's factual earning power. It builds buyer trust and speeds up closings especially if a lender is involved.

### **Rule #1: Run your business as if it's for sale every day – *because it is.***

Start with what you can control right now:

1. **Forensic Financial Clean-Up**  
Tighten your books and get GAAP compliant financials buyers (and their lenders) can trust.
2. **Bank-Ready QoE Report**  
Preempt tough buyer and lender questions with a detailed, credible analysis of your profitability.
3. **Transferable Leadership**  
Build a strong management team and invest in transferable leadership training so value doesn't walk out the door with you. i.e., *Truby Management System, Vistage, EOS, etc.*
4. **Know Your Multiple**  
Talk to your CPA or start a relationship with a business broker well ahead of your target exit. Understand your likely valuation range.

## 5. Plan Your Tax Exit

Have your CPA estimate your tax basis and liability as both an asset sale and a stock sale. Substantial differences - know it early as the buyer normally makes this choice.

## 6. Long before hiring a broker or signing an LOI:

- Ask your attorney to order a formal business appraisal. (attorney privilege)
- Determine corporate vs personal goodwill, this impacts taxes and deal structure which can be used to **improve** your financial benefit.
- Hire a tax strategist to start minimizing your future tax bill now.

## 7. Understand the Buyer

- Buyers know exactly where to spot weaknesses, giving them leverage.
- Remember, private equity and investment bankers buy businesses for a living, this is their daily game.

## Why this matters to you!

- ✓ Due diligence goes faster and easier.
- ✓ Financial red flags get cleared before buyers ever see them.
- ✓ You gain leverage to justify a higher price.
- ✓ You cut and control your tax burden.
- ✓ Most importantly, **you stay in charge of the deal process** - not the buyer.

By the time Ethan lists his business, he is **confident**. Due diligence goes **quickly**. Buyers see a solid, transparent business with **no ugly surprises**. He negotiates from a position of **strength**, **pays less taxes**, and **exits** on his terms.

The lesson? Run your business as if it's for sale every day. Being truly **"deal ready"** means you're not just hoping for a great outcome - you're **prepared** to make it happen.

## Rule #2: Don't screw up Rule #1.

To learn more about the single most important transaction and tax event of your life, reach out to Edward W. Cotney at 530-913-0562 or Ed@OlympusTax.com.

Learn more at [www.OlympusTax.com](http://www.OlympusTax.com).

Books by Edward W. Cotney:

*Tax Secrets Made Simple*

*The Great IRA Tax Grab* (private distribution)

*The Business Owners Guide to Tax Freedom*

*The Business Owners Guide to Selling Your Business Tax Smart*

Countless CE videos can be found on YouTube under his name.