

# Exit Readiness Report

Prepared for Sample Owner — Sample Business LLC

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## OVERALL EXIT READINESS

52%

Sample Owner scored 21 out of 40 possible points across 8 dimensions critical to a successful business exit. There are meaningful gaps that, if addressed, could significantly increase exit value and reduce transaction risk.

## DIMENSION ANALYSIS

### 1. Financial Clarity

Are the books clean and buyer-ready?



★★★/5

Buyers and their lenders will scrutinize 3 years of financials. Clean, professionally prepared books signal a serious seller and reduce perceived risk — directly impacting your valuation multiple.

**Status:** IMPROVE — Addressable gap that will impact valuation

### 2. Revenue Transferability

Does revenue stay when you leave?



★★/5

If your top customers buy because of you personally, that revenue leaves with you. Buyers discount heavily for customer dependency on the owner. Documented relationships and team-managed accounts transfer; personal relationships do not.

**Status:** PRIORITY — Requires immediate attention before going to market

**Notes:** Top 2 customers represent estimated 60%+ of revenue — high concentration risk.

### 3. Owner Dependency

Can the business run without you?



★★/5

A business that requires the owner to operate is not a business — it's a job. Buyers pay for systems and teams, not for access to you. The Hub & Spoke test: would your business survive 90 days without you?

**Status:** PRIORITY — Requires immediate attention before going to market

**Notes:** Owner is primary contact for all key accounts and approves all significant decisions.

### 4. Revenue Predictability

What percentage of revenue is recurring?



★★/5

Recurring, contracted, or subscription revenue commands significantly higher valuation multiples than transactional revenue. Even modest recurring revenue meaningfully reduces buyer risk and improves deal terms.

**Status:** PRIORITY — Requires immediate attention before going to market

**Notes:** Currently 100% transactional — no contracts or recurring agreements in place.

### 5. Competitive Position

What protects your revenue after the sale?



★★★★/5

Buyers ask: what stops customers from leaving after the transaction closes? Proprietary processes, long-term contracts, switching costs, and brand reputation all serve as protective moats that support premium pricing.

**Status:** STRONG — Continue to maintain and document

## 6. Growth Runway

Is there a credible story for future growth?



★★★/5

Acquirers buy future earnings, not past performance. A documented, believable growth strategy — even simple — increases perceived value. Untapped markets, expansion opportunities, and scalable infrastructure all support a higher multiple.

**Status:** *IMPROVE* — Addressable gap that will impact valuation

## 7. Personal Readiness

Do you know what you're exiting to?



★★★/5

Studies show 74% of owners regret their exit within one year. Personal readiness — knowing your identity, purpose, and plan post-exit — is as important as financial preparation. An unprepared owner rushes deals and accepts bad terms.

**Status:** *IMPROVE* — Addressable gap that will impact valuation

## 8. Financial Freedom

Will the proceeds fund your post-exit life?



★★/5

The number that matters is not the sale price — it is the after-tax proceeds relative to your lifestyle requirements. Many owners discover too late that their exit won't fund the life they expected. This gap must be identified and closed before going to market.

**Status:** *PRIORITY* — Requires immediate attention before going to market

**Notes:** Post-exit financial plan not yet documented. Recommend independent financial planning review.

## RECOMMENDED PRIORITY ACTIONS

1

Clean up financials: ensure 3 years of professionally prepared P&L; and balance sheets are ready for buyer review. Address any personal expenses running through the business.

2

Reduce owner dependency: document top 3 customer relationships and transition primary contact to a team member or documented process within 90 days.

3

Build recurring revenue: identify at least one service that can be converted to a monthly retainer or maintenance contract to improve revenue predictability and valuation multiple.

4

Run a personal financial readiness check: calculate the after-tax proceeds required to fund your post-exit lifestyle and compare to current business value estimate.

5

Develop a written growth narrative: document 2-3 specific, believable growth opportunities a buyer could execute post-acquisition.

## NEXT STEPS

This Exit Readiness Report is the foundation of your exit planning engagement with Addison Advisory. Owners who invest in closing the gaps identified in this report sell their businesses for significantly more and report fewer regrets post-exit. The next step is a structured planning engagement designed around your specific gaps, timeline, and personal goals.

**Schedule your Exit Planning Strategy Session:** [addison.com](https://addison.com) | [thomas@addison.com](mailto:thomas@addison.com) | 804-320-2761