



111+ Things To Do Before Selling Your Company

March 2018 Edition

We have developed this resource for you, the business owner, to help you prepare for the sale of your business—perhaps the most important step in business ownership. The outline is neither sequential nor complete, but, rather, designed to help you think about both the big picture and the many, many details you should be considering as you prepare for a potential exit strategy. It is based on the more than 100 transactions in which we have been involved, and is updated regularly as we run into new experiences and changing environments. We hope you will find it helpful.

If you have any questions or need additional information, please contact us and we will get back to you quickly with a response.

1. Talk to your family.
2. Talk to your accountant.
3. Talk to your partners.
4. Talk to your employees.
5. Talk to your friends.
6. Talk to your mentors.
7. Talk to brokers.
8. Talk to your personal lawyer.
9. Make a list of possible buyers.
10. Make sure you know if you are a sub S or LLC or C corp.
11. Review all business contracts.
12. Write a brief business plan.
13. Consider non-competes and employee contracts.
14. Reinforce relationships with key clients.
15. Cut out unnecessary costs.
16. Be prepared for it to take 6-12 months to get things in order.
17. Build profits (EBITDA).
18. Remove personal items from premises and balance sheet.
19. Recast your financial statements.
20. Think BIG and SMART.
21. Decide on what you want to do after the sale, and when.
22. Consider ideal transaction structure you would like.
23. Learn about earnouts and other forms of consideration.
24. Locate all your legal documents.
25. Buy the 3-6 best-selling books on selling your business.
26. Start today.
27. Create a timeline and schedule action items.
28. Increase low cost PR initiatives.
29. Network like crazy.
30. Speak at events...your people or you.
31. Write articles, books, blogs, etc....your people or you.
32. Investigate doing an ESOP.
33. Reconsider decision to sell.
34. Figure in costs of accountants, lawyers, brokers, taxes, etc.
35. Plan on the sale process consuming a lot of time.
36. Consider transferring some ownership.
37. Disengage from losing clients.
38. Reduce dependencies on key clients, key employees and yourself.
39. Wind down losing product lines.
40. Create historical records in addition to financial records.
41. Create an exciting story.
42. Identify 20 credible opportunities for the buyer.
43. Upgrade your Website.
44. Dress up your office.
45. Get an HR manual/employee handbook in place.
46. Pay or settle open bills.
47. "Clean up your act."
48. Take family off payroll.
49. Identify all possible re-castables (adding back to profit expenses a buyer will not have).
50. Prepare now for due diligence.
51. Understand M&A terminology (read).
52. Clean up the balance sheet.
53. Prepare for working capital adjustment.
54. Make sure major contracts are transferable to the buyer.
55. Identify your replacement or the strategy to replace you.

56. Consider spending less time at the office.
57. Understand the “auction” process for selling.
58. Understand the “pre-emptive bid.”
59. Study the international market for your business.
60. Make a list of your competitors and their strengths.
61. Decide what you think your business is worth on the open market.
62. List the barriers to entry.
63. List your obstacles to growth.
64. Project what additional investment will do for your business.
65. Set-up a winning visitor routine now.
66. Plan to invite buyers to your home and/or club.
67. Make a list of your IP and be sure you are protected.
68. Update your bio.
69. Decide what you will say to buyers in a first meeting.
70. Think through corporate culture.
71. Reward profit initiatives, ideas, people.
72. Write a company history.
73. Read 3-5 sample offering documents (often referred to as offering or descriptive memorandums) for other similar companies.
74. Consider accretive acquisitions.
75. Secure all your relationships.
76. Read up on the term “seller’s remorse.”
77. Document/systematize everything.
78. Update technology.
79. Be sure you have rights to all key software your people use at work.
80. Consider whether to expense or amortize.
81. Think about your CFO’s future.
82. Consider if you will accept relocation.
83. Do some “what if” scenarios.
84. Create an omni-purpose company selling piece.
85. Plan what you will do with the proceeds from the sale.
86. Talk to others who have similarly sold.
87. Review your business and personal insurances.
88. Use “options” vs. commitments where you can.
89. Start a journal.
90. Write a weekly project report.
91. Exercise daily.
92. Create a physical and/or cyber data room.
93. Be demanding with brokers and others helping.
94. Keep track of selling-the-business-related expenses.
95. Raise prices.
96. Understand cash flow.
97. Understand GAAP.
98. Master accounting terms.
99. Get all files, libraries, records in order.
100. Be Sarbanes-Oxley and ethically fully compliant.
101. Review nexus issues.
102. Review independent contractor issues.
103. Get an M&A attorney involved.
104. Identify with your employees 100 ways to cut costs.
105. Study five previous similar transactions.
106. Get involved in your association(s).
107. Create an Advisory Board.

108. Get comfortable with being represented by an intermediary
109. Consider consulting for next life or transition.
110. Get some company t-shirts.
111. Get pictures and bios of all employees.
112. Put together a comprehensive corporate kit.
113. Prepare FAQ's.
114. SEO your website and update social media content
115. Evaluate brand-related issues and opportunities.
116. Get rid of the company car.
117. Review office lease.
118. If you own your building get an independent valuation.
119. Review impact of relationships with partners, employees, etc.
120. Be prepared to make swift, decisive moves when needed.
121. Join networking groups.
122. Put appropriate contacts at key buyer companies on your regular mailing list so that they become familiar with your organization's activities and will have instant name recognition.
123. Take a seminar -- AMA, university, association, guru, etc.
124. Reevaluate transfer pricing policies.
125. Get a check-up.
126. Recognize that buyers want "institutional value," more than individual stars.
127. Look at homes (primary/secondary).
128. Get excited...lots of fun ahead.
129. Think like a buyer.

Nothing's easy...is it?

But selling your company is, in a way, your entire business life. You've put a lot of your heart and soul into your company. Do the same for this unbelievably important transaction. Do your homework. We hope this outline will help get you going down the right track.

Good luck!

Ed, Laura, Anver & Cindy

