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Selling your business doesn't have to be a stress-filled endeavor. With a little advanced planning and some help from people who have been in your shoes, exiting your business can be an exciting, even pleasant experience.

As soon as you know you want to sell (the sooner the better) use this checklist to help you start getting your company in order. The more prepared you are, the more likely you are to have a successful sale.

I suggest you start a procedural binder (think of it as your exit "diary") with dividers that can help you locate key information quickly. This binder will serve as a memory jogger for you as well as a transitional manual for the new owners. Some of you may prefer a flash drive. You will want and need to update it frequently.

As a business acquisition specialist, I thought of a few things I would love to see if I were looking at a business for sale. If you do these, I guarantee you will be way ahead of the pack and much more likely to attract a quality buyer.



Heath Frantzen  
Delta Business Services  
[heath@deltabusinessservices.com](mailto:heath@deltabusinessservices.com)

## Checklist for preparing to sell your business successfully

### GENERAL (AS SOON AS YOU KNOW YOU WANT TO SELL)

- Prepare “exit team” (ex: lawyers, CPA's, key vendors, management, etc.)
- Talk to family members about your plans.
- Using input from exit team, prepare questions and a written exit blueprint with timelines.
- Meet with business consultant/mentor
- Determine your role post-sale and write it down.

### FINANCIAL

- Begin to collect as many accounts receivable and liquidate as much “stale” inventory as possible.
- If possible, pay off all outstanding debts. Start with the smallest and shortest-term ones first.
- Pull necessary financials (ask business consultant which documents you need)
- Inventory materials and equipment- sell off unnecessary equipment.
- Business and personal credit reports (get updated and accurate info/dispute errors)
- Financial projections (5-year minimum)

### YOUR “EXIT BINDER”

- Include list of all passwords, email access information, key codes, alarm codes, etc.
- Clean up database and back up on an external hard drive (you may want to use “the cloud”). Note this information in binder. If you want, print out the database and include in binder.
- Short explanation of your normal business day, including opening and closing procedures.
- Notes and minutes of company meetings.
- Employee section: Include employee resumes, offer letters, reviews, employment contracts, disciplinary actions, workers’ comp claims, special training, certificates, employment verification information, etc. If you have uniform/dress code policies, telephone procedures, other written procedures for employees, include copies. Be sure to list emergency contact information for each employee.
- All insurance policy declaration pages, policy numbers, renewal information, cancellation notices, etc. Also name and contact information for agent
- Copies of state/local federal licenses and permits. As soon as you sell, you’ll need to close out any of these that won’t transfer to the new owner.
- Hazardous materials information and/or environmental reports.
- Copies of important business correspondence and emails. Include things such as customer complaints and resolutions, bid requests, correspondence from vendors, and all legal correspondence.
- Copies or originals of all receipts, warranties, and manuals for equipment, including basic office equipment. If you have these filed separately, make a note detailing the location and place in binder.
- Post office box information, UPS and/or FEDEX account numbers if applicable.

<input type="checkbox"/>	Copies of least 5 years of tax returns
<input type="checkbox"/>	Photos and videos of your business
<input type="checkbox"/>	Full inventory, including serial numbers, of all business equipment, tools and machinery.
<input type="checkbox"/>	Ideal customer profile- written down. Who uses my products and services most? What percentage of sales revenues pertain to each customer (customer concentration)?
<input type="checkbox"/>	Emergency phone numbers: Include hospital, company doctor, management, vendor, maintenance, tow service, etc.
<input type="checkbox"/>	If the business has outstanding loans, provide all details
<input type="checkbox"/>	Copies of all trademarks, patents, copyrights and details of proprietary systems and procedures
<input type="checkbox"/>	Marketing collateral (brochures, post cards, flyers, etc.)
<input type="checkbox"/>	Location of online marketing, websites, blogs, Facebook pages, etc.
<input type="checkbox"/>	Appraisals of real estate property owned by company (never get a "business appraisal")
<input type="checkbox"/>	Copy of franchise agreement, if applicable

### IMPORTANT THINGS TO REMEMBER

<input type="checkbox"/>	I have thoroughly checked the backgrounds of potential buyers, both their financial status and reputation.
<input type="checkbox"/>	I have researched and analyzed how my business fits into the economy now and in the future and am able to explain to potential buyers (i.e.; do I have a sustainable competitive advantage?)
<input type="checkbox"/>	I know my "intangible assets" – procedures, systems, techniques I use that give me an advantage over my competitors. I can explain these to a buying prospect.
<input type="checkbox"/>	I have done realistic growth projections for my business and can justify these projections.
<input type="checkbox"/>	I have done a profile of my ideal buyer. I know who I want to take over my successful business.
<input type="checkbox"/>	I have identified assets or liabilities that should be sold BEFORE I sell and am taking steps to do so.
<input type="checkbox"/>	I have taken a hard look at my employees and identified those who should remain with the company and those with poor performance who should be let go or re-trained. I have cross-trained my best employees and taught them to run the business without me.
<input type="checkbox"/>	I have looked hard for weaknesses that potential buyers would uncover during due diligence and have resolved to shore up those weaknesses.
<input type="checkbox"/>	I have identified risks (every business has them), mitigated those risks, and assigned at least 1 key employee to monitor each critical risk on a daily basis.
<input type="checkbox"/>	I have endeavored to look at my business objectively, from the perspective of a buyer.
<input type="checkbox"/>	I have prepared a marketing strategy for the sale of the business which will bring multiple qualified buyers to the table.
<input type="checkbox"/>	I have a confidentiality/nondisclosure document for interested buyers to execute before I show them my business.

<input type="checkbox"/>	I will manage the interaction between employees and potential buyers. (e.g.: having and Letter of Intent signed before allowing buyer to interview employees and having the right to be present when they do so.)
<input type="checkbox"/>	I will not get so focused on the selling deal that I lose sight of my daily operational responsibilities and allow the business to get sloppy. I will continue to grow and improve the company.
<input type="checkbox"/>	I will communicate with employees and management and let them know my intentions at the proper time.
<input type="checkbox"/>	I will communicate with my family and let them know my intentions at the proper time.
<input type="checkbox"/>	I have consulted an estate planning attorney for advice as to how this sale structure will impact my entire estate plan and overall taxes.
<input type="checkbox"/>	I have a seasoned mentor to whom I can turn as the selling process unfolds. This mentor is someone who has experience successfully buying/selling businesses.

For assistance at any stage in the planning process, please call or email Delta Business Services. Delta Business Services is not a business brokerage. We are a group of professional men and women who have actually bought and sold businesses and who know the process intimately.

We actively counsel business owners, especially Baby Boomer owners who are ready to retire. If you have questions about this checklist and how to get started, call or email us.

Delta Business Service  
[admin@deltabusinessservices.com](mailto:admin@deltabusinessservices.com)  
210-369-4161  
<http://deltabusinessservices.com>