



## Step-by-step actions

## Step 1 Assess the condition of your business as a sale prospect.

### Sales and profit history

Yes No

- Over the past 3 years, have sales revenues consistently increased?
- Have profits consistently increased?
- Have costs and operating expenses increased only at a rate consistent with revenue increases?

### Financial condition

Yes N

- Do the assets of your business exceed the liabilities of your business?
- Is your business able to consistently cover its costs and expenses from sales revenue?

### Products/Services

Yes No

- Does your business offer products and/or services that are distinct and superior to those of your competitors?
- Does your business use a proprietary production or business process that serve as a barrier to competitors?
- Is your production or service delivery process one that a new owner can easily adopt and carry on?
- Are your production and operations processes detailed in an operations manual or other documentation?
- Does your business have staff and management to help a new owner successfully manage the transition after the sale of your business?

### Location

Yes No

- If your business relies on local or regional clientele, is it located in a market area where the number of prospective customers is increasing?
- Is your business located in a region with a strong and growing employee population?
- If your business success is reliant on its location, is it covered by a long-term and transferable lease?
- Do you foresee little or no threat of geographic or demographic changes that could threaten the long-term viability of your business location (for example, a train line coming through town, a nearby school closure, zoning changes, etc.)?

## Facilities/Equipment

Yes N

- Does your business have modern facilities and equipment?
- If you lease your business equipment, are leases long-term and transferable?

## Staffing

Yes No

- Other than yourself, does your business have a staff that customers or clients know and trust, which can provide continuity after your departure from your business?
- Have key staff members signed employee contracts that will ensure a smooth transition to a new owner?
- Are staffing policies outlined in an employment policy manual?

## Clientele

Yes N

- Does your business have a long-standing and loyal clientele?
- Does it have a large client roster rather than reliance on a few large clients or customers?
- Have major clients signed long-term contracts with your business?
- Does your business maintain a customer database that a new owner can rely upon?
- Do your customers rely on the offerings of your business more than on your own personal expertise and relationship?

## Brand/Reputation

Yes No

- Does your business have a name that is well known and respected in its market area and business arena?
- Does your business own its name via trademark, as a domain name and on major social media channels?
- Does your business have strong online presence including a strong standing in search results and favourable online reviews and ratings?
- Does your business have strong and effective marketing tools?

## Step 2 Flag areas of your business in need of improvement prior to a sale offering

### All areas in need of improvement

- Sales and profits
- Financial condition
- Products/Services
- Location
- Facilities/Equipment
- Staffing
- Clientele
- Brand/Reputation

### Step 3 Create your pre-offering action plan and timeline

To proceed with pre-sale improvements, take these steps:

1. For each area of weakness checked in Step 2, create an action plan by listing the improvements necessary to strengthen that aspect of your business.
2. To guide your planning, refer back to Step 1. Look at each question to which you answered No and create a list of actions that will allow you to switch your answer to Yes
3. After creating your action plan, create a timeline for how long it will take to implement the changes you've listed.

### Step 4 Decide whether to sell now, sell later, or liquidate

After assessing the attractiveness of your business as a sale prospect (Step 1), flagging areas in need of improvement (Step 2), and creating an improvement plan and timeline (Step 3), you're ready to decide between the following options:

1. Proceed with sale plans based on your positive assessment of the sale-readiness of your business
2. Invest the time and effort necessary to make your business more attractive to buyers, which will delay your sale offering, but which should lead to stronger buyer interest and a higher sale price.
3. Offer your business for sale in its current sub-optimal condition, with awareness that you'll likely receive lower buyer interest and a lower sale price.
4. Liquidate your assets based on your determination that the condition of your business will not appeal to buyers or command a price worth a sale effort

## WHAT'S DRIVING YOUR DECISION?

### Step-by-step actions

#### Step 1 Define your motivation and sale urgency

Exit Plan Motivation all that apply	Timing to indicate your urgency
<input type="checkbox"/> You're bored by your business	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible
<input type="checkbox"/> You feel burned out	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible
<input type="checkbox"/> You want or need to move to a different geographic area and your business is reliant on its current location	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible
<input type="checkbox"/> You're facing health challenges	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible
<input type="checkbox"/> A pending or recent divorce or family or personal change prompts your need to sell	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible
<input type="checkbox"/> You need to make more money than your business can provide	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible

<input type="checkbox"/> Your business would benefit from increased investment and energy you don't feel able to provide	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible
<input type="checkbox"/> You're fed up with your partners	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible
<input type="checkbox"/> All your net worth is tied up in your business and you want to sell in order to diversify	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible
<input type="checkbox"/> You're overwhelmed by financial problems	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible
<input type="checkbox"/> You want to retire	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible
<input type="checkbox"/> Other	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible
<input type="checkbox"/> Motivations/Factors specific to you	<input type="checkbox"/> Immediate <input type="checkbox"/> Flexible

### Step 2 Define what you want to do after a sale

Yes	No	Maybe	Your personal after-sale priorities
			Do you want to sell your business and walkaway?
			Are you willing to remain involved during a 3-12 month post-sale transition period?
			Do you want to remain at the managerial helm of your business after its sale?
			Do you want to remain involved full-time with your business, either as a partner or an employee, after its sale?
			Do you want to remain as a part-time consultant or employee with your business after its sale?
			Is it important (or necessary) to you to receive a full or significant payment at the time of sale closing?

### Step 3 Decide what you want for your business after a sale

Yes	No	Maybe	Your business after-sale priorities
			After a sale, is it important to you that your business remains in its current location in order to minimize disruption to your clients and to your staff?
			Is there a key employee or family member or members to whom you prefer to sell your business?
			Is there a key competitor, supplier, or other business you'd prefer (or prefer not) to sell your business?

## CHAPTER 1/SECTION 3

### PRIORITIZING YOUR MOTIVATIONS

#### Step-by-step actions

#### Step 1 State your sale motivations

Low priority <input type="checkbox"/> High priority <input type="checkbox"/>	Your Sale Objectives
1 2 3 4 5 6 7 8 9 10	Immediate sale
1 2 3 4 5 6 7 8 9 10	Immediate departure (vs. 3-12 month post-sale involvement in business transition)
1 2 3 4 5 6 7 8 9 10	High sale price
1 2 3 4 5 6 7 8 9 10	All-cash payoff at closing (no seller-financing)
1 2 3 4 5 6 7 8 9 10	Post-sale involvement with your business
1 2 3 4 5 6 7 8 9 10	Post-sale priorities, such as little or no disruption to clients or staff
1 2 3 4 5 6 7 8 9 10	Pre-sale preparation followed by future sale

#### Step 2 Resolve conflicts between your motivations

Motivation	Conflicting Motivations	Why?
Immediate sale	High price	Unless business is in strong condition, an immediate sale likely requires a discounted price.
	All-cash payoff	Cash payoffs usually require buyers to seek third-party loans, which are rare and slow the sale process.

Immediate departure (vs. 3-12 month post-sale involvement in business transition)	High price	Unless business is in strong condition and easy to transition, rapid departure raises buyer doubts and leads to lower selling prices.
	All-cash payoff	Sellers seeking rapid departure and all-cash payoff create buyer doubt by telegraphing high desire to sell and/or low confidence in the future of the business
High price	All-cash payoff	Sales involving seller financing typically close at considerably higher prices than those requiring payoff at closing.
	Immediate departure	Sellers' desire for immediate departure signals high sale desire, prompting price negotiation.
	Post-sale involvement and priorities	Post-sale requirements narrow buyer pool and decrease ability to receive highest price.

All-cash payoff at closing (No seller financing)	Immediate sale	Cash payoffs usually require buyers to seek third-party loans, which are difficult to obtain and slow the sale process.
	High price	Sales involving seller financing typically close at considerably higher prices than those requiring payoff at closing.
	Immediate departure	Sellers seeking rapid departure and full payoff at closing telegraph high desire to sell and/or low confidence in the future of the business, lowering business attractiveness to buyers.



Post-sale involvement with your business	High price	Seller's request for ongoing involvement narrows buyer pool and triggers price negotiation.
Post-sale priorities, such as little or no disruption to clients or staff	High price	Desire to keep business in current location and configuration reduces the option of merger or consolidation, narrows the buyer pool, and affects pricing.
Pre-sale preparation followed by future sale	No conflicts	With a mid- to long-term timeframe, seller can improve business condition and plan an offering that addresses objectives without conflicting priorities.

### Step 3 Finalize your motivation priorities

#### Your Top Sale Priority

*Only one*

- An immediate departure*
- The highest price possible*
- All-cash payoff at closing*
- Post-sale involvement with your business*
- Post sale priorities such as little or no disruption to clients or staff*
- Pre-sale preparation followed by future sale*

## CHAPTER 1/SECTION 4

### THE VARIOUS ROUTES TO SUCCESSFUL BUSINESS SALES

#### Step-by-step actions

#### Step 1 Find the sale approaches that best match with your sale motivations

SALE APPROACHES	SELLER MOTIVATIONS					
	Immediate Sale	Immediate Departure	Highest Possible Price	All-Cash Payoff	Post-Sale Involvement	Post-Sale Priorities
Sell to an existing partner						
Sell partially to a new co-owner or partner						
Sell all or partially to a supplier, competitor or other business						
Sell to an outside individual						
Transition to next-generation family						
Sell to key employee						
Sell to employees						
Liquidate						