GETTING YOUR BUSINESS READY TO SELL

The steps that raise your price and make the sale go smoothly, best started 2 to 3 years before you sell.

TYPE: GUIDE REVIEWED: NOVEMBER 2026 TIME: 9 MINUTES LEVEL: INTERMEDIATE

AT A GLANCE

- Buyers pay more for businesses that are **profitable, documented, low-risk and not dependent on the owner**.
- Start preparing **2 to 3 years** before you want to sell. Buyers will look at your last 3 years of results.
- Many of these steps also make the business better to own, even if you never sell.

Why it matters

Two businesses with the same profit can sell for very different prices. The one with clean books, a strong team and low risk often sells faster, for more, with better terms.

The preparation plan

Area	What to do
Financials	Monthly bookkeeping matched to the bank; consider reviewed or audited statements; separate personal expenses
Profit	Raise prices, cut waste, drop low-margin work. Every $1 of extra yearly profit can add several dollars to the price.
Owner dependence	Build a management team; write systems; step back from daily work. See **G-09 Building a Leadership Team** and **O-06 Systems and Checklists: Running the Business Without Doing Everything Yourself**.
Customers	Reduce concentration; put customers on contracts or memberships
Legal	Clean up contracts, licenses, IP ownership, and any disputes
Lease	Secure a lease that a buyer can take over, with renewal options. See **B-13 Renting Your First Space: Leases Explained (Main Street)**.
Team	Keep key employees; consider stay bonuses for the sale period
Records	Organize a data room. See **R-21 Setting Up a Data Room**.
Equipment and facilities	Fix deferred maintenance

Step by step

1. **Get an early valuation** to know where you stand. See **X-03 How Businesses Are Valued When They're Sold**.
2. **Score your business** with the Exit Readiness Checklist. See **X-12 Exit Readiness Checklist**.
3. **Fix the biggest risks first**, especially owner dependence and messy books.
4. **Grow profit** steadily for 2 to 3 years.
5. **Line up advisors**: a broker or banker, a lawyer and an accountant experienced in business sales. See **X-05 Working With Business Brokers and Investment Bankers**.
6. **Keep running the business well** during the sale. A drop in results during the process can lower the price.

> EXAMPLE
>
> Two years before selling, **Rosa** hired a general manager, moved 30 clients onto one-year contracts, and had her financial statements reviewed by a CPA. Her EBITDA rose from $310,000 to $400,000, partly from a price increase. Her buyers had fewer concerns, so the multiple they offered rose as well.

Common mistakes

- **Starting too late.**
- **Running personal expenses through the business** right up to the sale.
- **Letting results slip** while focused on selling.
- **Telling employees too early** without a plan.

Your checklist

- ☐ Get an early valuation
- ☐ Complete the Exit Readiness Checklist (X-12)
- ☐ Choose the top 3 improvements and start them
- ☐ Separate all personal expenses from the business
- ☐ Find advisors with business-sale experience

Where to go next

- **X-12 Exit Readiness Checklist**
- **X-05 Working With Business Brokers and Investment Bankers**
- **X-06 The Sale Process, Step by Step**

IMPORTANT
This guide is general education from the Project Underdogs Founder Library. It is not legal, tax, accounting, immigration or investment advice, and it is not an offer of investment or a promise of funding. Figures are general examples and ranges, not quotes. Rules change and every business is different, so check your situation with a qualified professional. Full terms: LIB-03 Disclaimer and Terms of Use.