

# Sell-Side Readiness CHECKLIST

## OUTLINE GOALS & OBJECTIVES

- **Identify your motivation for selling & your end goal** - Are you seeking to retire, pursue other opportunities, or sell for financial reasons, etc. Also, think about what you want out of the sale - a quick transaction, the continuity of your business's legacy, etc.
- **Set your financial goals** - Set a target sale price based on the value of your business, also taking into consideration your personal financial requirements post-sale, along with any costs associated with transitioning the business to new ownership.
- **Establish a timeline** - Determine your ideal timeline for selling your business, taking into consideration business readiness, market trends, and the time it may take for each phase. Keep room for flexibility, as certain steps might take longer than anticipated.

## FINANCIAL PREPARATION

- **Gather and organize financial documents** - financial statements (balance sheets, income statements, cash flow statements), and tax returns for the past three years, and determine if an audit or review is right for your organization.
- **Identify and address financial weaknesses** - this includes resolving and debts or liens, minimizing expenses, strengthening cash flow and profitability.
- **Prepare a clear and concise financial overview** - summarize historical financial performance, compile and highlight key financial metrics (i.e., customer margin, item margin, drivers of cost increases/decreases, drivers of revenue increases/decreases).
- **Gather pertinent records** - buyers will be requesting a variety of documentation, including tax filings, minutes, stock certificates, organization documents, reseller certificates, S-Corp acceptance, etc.

## OPTIMIZE OPERATIONS

- **Evaluate and enhance market positioning** - Identify target market segments and competitive advantages, develop strategies to differentiate your business, and explore opportunities for growth and expansion.
- **Strengthen customer relationships** - Analyze customer retention and satisfaction rates, develop strategies to improve customer loyalty, and address any outstanding customer complaints or issues.
- **Evaluate and enhance market positioning** - Matching your operational story of growth with your financial statements is crucial.

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## HR & MANAGEMENT

- **Assess & optimize team performance** - Evaluate workforce capabilities and productivity, identify skill gaps and training needs, establish a succession plan for key personnel.
- **Review contracts & agreements** - Review employment contracts and non-compete agreements to ensure they are up-to-date and legally sound, include union contracts, if applicable.
- **Gather documentation & policies** - Prepare organizational chart of company management, list and copy of all existing insurance policies, locate and update all HR documentation, including employment contracts, policies, and procedures, are well-organized and easily accessible, identify and address any issues related to labor laws, employee classification, and workplace safety.
- **Assess benefits & insurance** - Evaluate the company's benefits and compensation packages to ensure they are competitive, discuss any changes in benefits or compensation that may occur as a result of the sale; if necessary, plan for potential workforce reductions and terminations.

## ENGAGE PROFESSIONAL ADVISORS

- **Find an experienced investment banker or a qualified transaction advisor** - Help guide you in the management of the sale process, finding potential buyers, and negotiating terms.
- **Engage legal counsel with expertise in the M&A space** - Ensure appropriate entity structuring, conduct a thorough legal review, and protect intellectual property.
- **Collaborate with your tax and wealth advisors** - Offer suggested strategies for minimizing tax liabilities, and ensure compliance with tax regulations.
- **Explore the idea of having a cybersecurity threat assessment performed by a credible IT firm** - Demonstrate to potential buyers you have taken comprehensive steps to secure your IT infrastructure and environment.

Connect with us.

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