

Exit Strategy

What it really takes to sell your business





My Story....

2007: Had an idea for a business

2008: Twist Cocktail Catering Co. was born

2014: Maybe I want to sell someday

2016: Listed with a Commercial Broker

2017: Crashed & Burned

2018: Took a break, got my act together, listed it myself





In November 2018 I sold my company for asking price.....

.....3.5 months after I listed it for sale



What no one is telling you.....

Only 15% to 20% of small businesses listed for sale ever actually sell.

Why aren't businesses selling?

- 1 Owners waited too long
- 2 The business is too owner-dependent
- 3 Messy financials
- 4 Setting an emotional price
- 5 Not focusing on the “story” of the business

Do you **WANT** to sell?or, are you **READY** to sell?

Wanting to sell is emotional.

Being ready to sell is operational.

Buyers care about preparation, not about feelings

Why having an exit strategy matters...

Selling doesn't happen overnight.

A thoughtful plan will determine your PRICE

A thoughtful plan will determine your SUCCESS



Getting ready to sell your business will take time

This will be another job.....

.....on top of your day-to-day job





“By failing to prepare, you are
preparing to fail.”

Benjamin Franklin



Getting Ready to Sell—What does this mean?

- 1 Tighten up Operations
- 2 Clean Up Financials
- 3 Ensure Your Business is Gorgeous
- 4 Price Appropriately



Tighten up Operations

01

Does the business live in my **HEAD?**

Does the business rely on **ME?**

If I got hit by a bus, will my business **SURVIVE?**





Tighten up Operations

01

DOCUMENT core operations, workflows & SOPs

REPLACE yourself with a job description

WRITE an organizational chart & employee job descriptions





Tighten up Operations

01

DEFINE company policies

STABILIZE vendor and supplier relationships

PREP legal and compliance documents

DEFINE gaps, inefficiencies and pain points



Clean Up Financials

02

REVIEW, ORGANIZE & CLEAN UP your books

SEPARATE personal and business expenses

PREPARE P&L, Balance Sheets, Tax Returns & Bank Statements

ADDRESS Outstanding debt, liens, or unusual liabilities



Are you Gorgeous?

03

- 01 | Are you proud of your BRAND?
- 02 | Are you proud of your WEBSITE?
- 03 | Are you proud of your print materials & signage?
- 04 | Are you proud of your social media presence?
- 05 | How can you be sexier?



Which would you rather buy?



Which would you rather buy?





Price Appropriately



\$\$\$ = EBITDA x Multiplier



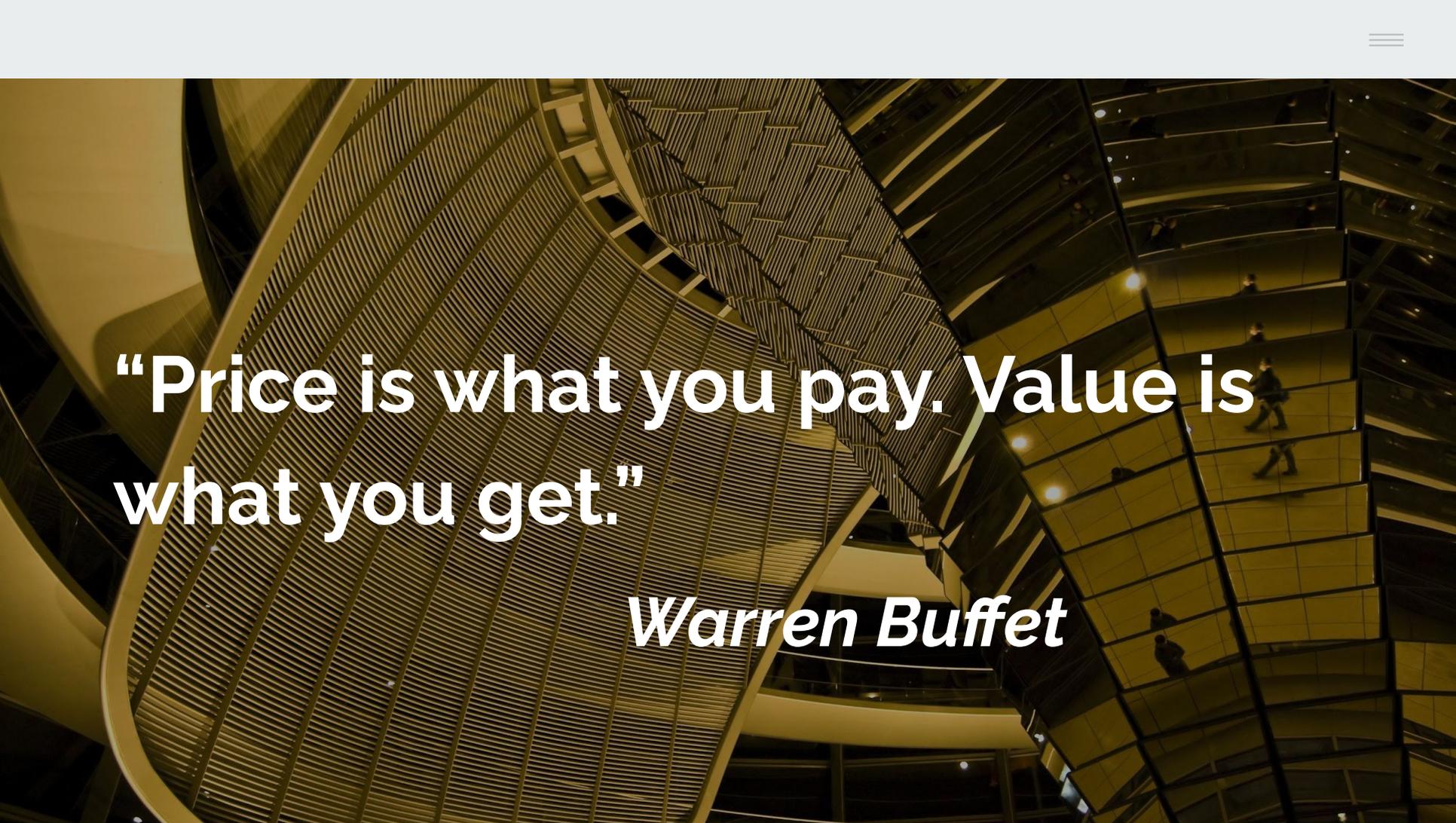
\$\$\$ = SDE x Multiplier



\$\$\$ = Assets - Liabilities



A business is worth what a buyer is willing to offer and what an owner is willing to accept.



**“Price is what you pay. Value is
what you get.”**

Warren Buffett



Find the Right Price



$$$$ = SDE \times \text{Multiplier}$

Seller Discretionary Earnings include:

- Net profit
- Owner salary & benefits
- Owner perks (vehicles, travel, cars, etc)
- Interest, taxes, depreciation, amortization
- Common Multiplier = 2x to 3.5x



Find the Right Price

\$\$\$ = EBITDA x Multiplier

- Earnings Before Interest, Taxes, Depreciation, and Amortization
- Typical multiplier is 3x to 6x
- Used for more sophisticated businesses



Find the Right Price



\$\$\$ = Fair Market Value of Assets - Liabilities

- Ignores profitability, cash flow and blue sky.
- Used for businesses with a lot of assets: vehicles, machinery, real estate, etc.
- Used for distressed businesses.



Your To-Do To Sell Your Business:

1 Tighten up Operations

3 Ensure Your Business is
Gorgeous

2 Clean Up Financials

4 Find the Right Price

5 Give yourself enough TIME

Stephanie Anderson Stroup

uphilledge-consulting.com

hello@uphilledge-consulting.com

