



Small Business Owner's Sale-Readiness Checklist

Start With A Free Business Consultation

We offer free consultations and a number of other services to those who are interested in preparing to sell their business, whether it is in the short or long term. Get scheduled with an expert at Bridge and we can help orient yourself and break down the process into a personalized plan towards a sale.



Pre-Sale Preparation

Determine the reasons for selling:

☐

Clarify your personal goals and reasons for the sale (retirement, new venture, partial sale, etc.)

Visualize your ideal buyer:

☐

Visualize in terms of your business's legacy, target sale price, employee stability and transition, other factors

Choose an exit plan:

☐

Family Succession

☐

Management Buyout

☐

Employee Shared Ownership

☐

Strategic sale

☐

Other



Decide on sale timing:

- ☐ Research your industry to understand the typical buyer timeline
- ☐ Have a plan on when and how you will inform your employees (typically it is best to share this information once a sale is closed)
- ☐ Plan for the process to take anywhere from 6 months to several years (and plan for delays!)

Source potential buyers:

- ☐ Evaluate those in your network for potential qualified buyers.
- ☐ Work with Bridge or another broker to search for buyers.



Business Valuation

Get a Bridge Accredited Business Valuation (ABV)

Gather the following documents and provide it to an accredited evaluator:

- ☐ Tax returns (last 2-3 years)
- ☐ Profit and Loss statements (P&L)
- ☐ Balance sheets:
 - ☐ Year-to-year (last 3 years)
 - ☐ Most recent month-end balance sheet
 - ☐ Year-to-date income statement (with comparison to last year)
- ☐ Inventory Summary: Estimated value of current inventory





Assess And Improve Your Business's Financial Health

Evaluate your business's current health with a Bridge Business Health Score:

- ☐ Optimize business practices to boost ultimate sale price
- ☐ To ultimate sale price, consider having a broker or other business expert provide an evaluation with suggestions for improvement

Address outstanding liabilities: Resolve or document any ongoing or potential liabilities:

- ☐ Employee Lawsuits & Disputes
- ☐ Disputes with suppliers and contractors
- ☐ Other lawsuits

Cosmetic & physical improvements:

- ☐ Improve appearance of physical storefronts/offices
- ☐ Clean and organize operational areas like warehouses, manufacturing areas, etc



Prepare For Financing

Determine whether financing is necessary:

- ☐ (if applicable) Get pre-approved for seller financing
- ☐ (if applicable): Encourage intended buyers to get pre-approved for financing





Compile And Organize Operational, Financial, And Legal Documentation

Financial documents:

- ☐ Business valuation report
- ☐ Profit and Loss statements (P&L)
- ☐ Balance sheets
- ☐ Cash flow statement
- ☐ Tax returns (last 2-3 years)
- ☐ IRS audits (if applicable)
- ☐ Employee Payroll records
- ☐ Stockholder/Shareholder agreements & other details
- ☐ Accounts receivable (overview of owed amounts)
- ☐ Accounts payable (short-term obligations)
- ☐ Asset list (both tangible and intangible assets such as trademarks or patents)
- ☐ Maintenance schedules for all equipment/facilities
- ☐ Liabilities
 - ☐ Creditor agreements related to loans, mortgages, and other debts

Operational documents:

- ☐ Brand overview: a summary presented to buyers of your brand's strengths and assets



Operational documents cont.

- ☐ Organize technology systems:
 - ☐ Organize all sensitive information, such as usernames, password, etc into a single password management system (such as LastPass, Bitwarden, or 1Pass),
 - ☐ Remove sensitive information on tech platforms, such as your name, address, personal payment details, etc

Legal documents:

- ☐ Contracts with suppliers, contractors, etc
- ☐ Physical Legal Description of business property and/or leases for:
 - ☐ Business premises & building
 - ☐ Equipment leases
- ☐ Intellectual property
 - ☐ Copyrights
 - ☐ Patents
 - ☐ Trademarks
- ☐ Certifications
- ☐ Employee agreements and contracts
 - ☐ (if applicable) Special transition benefits or incentives provided to critical employees and managers
- ☐ Other regulatory compliance (as required by your industry)





Assemble And Consult With Advisory Team

Gather your advisory team:



Hire a broker, accountant, and attorney to assist with legal and financial aspects of the sale

Begin consulting with team on your sale plan:

With your attorney:



Discuss your goals for a sale and get advice on what legal elements can be included in the final sale agreement



Familiarize yourself with what your buyers may require legally (such as training periods, non-compete agreements, etc) and what you want from buyers (non-disclosure agreements, etc)



Create a compliance checklist that considers your industry and state/local requirements (environmental audits, etc)



Discuss your goals for a sale and get advice on what legal elements can be included in the final sale agreement



Familiarize yourself with what your buyers may require legally (such as training periods, non-compete agreements, etc) and what you want from buyers (non-disclosure agreements, etc)



Create a compliance checklist that considers your industry and state/local requirements (environmental audits, etc)

With your accountant:



Review and compile financial statements and identify what is missing or requires further detail when presenting to a buyer

With your broker:



Discuss your exit strategy, ideal buyer, and other goals for a sale



Sign a listing agreement: Determine the broker's compensation, services, and terms



With your broker cont.

- ☐ Prepare a Confidential Information Memorandum (CIM): Work with your broker to create a CIM outlining your business details
- ☐ Pre-diligence Checklist: Provide your broker with essential financial, legal, and operational documents that will be presented to prospective buyers, which often includes:
 - ☐ Financials from last three years
 - ☐ Licenses
 - ☐ Contracts
 - ☐ Seller's disclosure statement
 - ☐ Non-disclosure agreement for potential buyers
 - ☐ Other industry-specific documentation



Locking In A Buyer, Negotiation & Closing

- ☐ Receive and vet offers: Work through your broker to evaluate buyers
- ☐ Negotiate a Letter of Intent (LoI): Work with your broker and attorney to draft a preliminary agreement.
- ☐ Finalize the purchase agreement: Negotiate final terms, including non-compete clauses, training arrangements, etc
- ☐ Prepare closing documents: Get all legal documents and agreements ready for signing.





Post-Sale & Dissolution

- ☐ Close the sale:
 - ☐ Complete the legal and financial transfer of ownership with buyer and buyer's attorneys
- ☐ Notify employees and stakeholders: Inform them of the sale and transition plan.
- ☐ Cancel and transfer permits, licenses, and insurance policies: Ensure all necessary cancellations or transfers are completed.
- ☐ Dissolve the legal business entity:
 - ☐ Notify the IRS and local authorities.
 - ☐ Notify other regulatory bodies, if required in your industry
- ☐ Complete final tax and payroll filings:
 - ☐ Use the IRS checklist to finalize all business closures.
- ☐ Follow through with post-sale terms, such as training agreements and non-compete clauses



Still not sure where to start? We can help!

We provide [free consultations](#) with small business owners, along with free and Accredited Business Valuations, Business Health Scores, business optimization plans, business listing services, and a unified seller's dashboard to help you keep track of it all.

