

7 Preparation Essentials for Selling a Business

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It might seem impossible, but your labor of love – that enterprise you built from the bedrock up and put your life's blood into – could sell in as little as a few weeks. And that's a potentially great thing – whether you're fundraising for future projects or otherwise enjoying the financial return. The trick is preparing beforehand so that when ready, you can instantly answer every potential buyer's questions and share every relevant data point.

Speed matters in acquisitions because:

- Buyers want to exploit investment opportunities quickly to maximize returns.
- Time exposes your business (and its valuation) to external threats beyond your control.
- Slow responses could come across as red flags (an indicator of inefficiency, for example).
- You never know when another business might grab a potential buyer's attention.
- It demonstrates your commitment to closing the deal and not wasting others' time.

Ideally, exit planning begins when you start a business, but let's assume you've yet to prepare yours for acquisition. What should you gather, right now, to ensure you sell in the shortest time?

There are seven vital considerations:

1. Reason for selling

This factor matters more than you might think. Buyers understand financial motivations, of course – recognize that you might want to sell simply because you're ready to cash in after years of grinding – but that alone is not a compelling case for acquisition. If it's about the money, what do you plan to do with it? Retire? Invest? Start another business?

Your reason for selling can greatly influence a buyer. If you plan to retire or are burned out, for example, you're less likely to want to stay on post-close. For some businesses (like an agency, for example), that could be a dealbreaker.

Equally, if you're selling because you're unsure how to grow or maximize profits, a buyer might have to invest time and resources into doing what you couldn't. That's not necessarily bad, but it, likewise, factors into a buying decision.

So, enter negotiations with a clear and honest reason for selling, and buyers will take you seriously. They can also self-exclude if that reason doesn't align with theirs for buying, making fielding inquiries much faster.

Related: [How to Prepare for a Successful Exit](#)

2. Timeline

Remember the '90s movie *Speed*, in which Keanu Reeves has to keep a bus traveling above 50 miles per hour to prevent it from blowing up? A sensationalist premise, but it's also a pretty good analogy for the importance of momentum in acquisitions: You have to keep a buyer engaged throughout, otherwise the process might stagnate and ultimately fail.

When a deal takes too long to close, it can run cold as more enthusiastic or prepared sellers tempt buyers away. But if you prepare an acquisition timeline and stick to it, it's easier

to keep them hooked until closing day.

What should a good timeline include? At a minimum, there should be dates and schedules for:

- Initial due diligence
- Buyer-seller calls
- Initial offers (letters of intent) and negotiations
- Final offers (asset purchase agreement)
- Final due diligence
- Closing

It's a good idea to break things into stages and hold buyers (and yourself) accountable to dates and deadlines. Schedule regular calls and check-ins (using something as simple as a Slack channel) to keep everyone involved as the deal progresses.

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3. Data room

Think of all the information your business has accumulated: customer lists, vendor lists, financial records, software licenses, patents, HR records, codebases and lots more. Much of it buyers will want to see before making an offer, but how do you share it efficiently?

The answer is with a data room – a virtual space for acquisition files – and various online storage solutions can operate as one (even a Google Drive folder). Just ensure that:

- It contains everything you might need to share with a buyer.
- You organize contents logically, so it's easy to find what you/they need.
- You protect the folder and files to prevent unauthorized access.

If you'd prefer something custom-built, there are plenty of options, but unless the data is especially sensitive, Google's encryption is probably sufficient. And while it might seem like a big task, populating and organizing a data room ensures you can give buyers *what* they need and *when* they need it. And one last point: ensure that they sign a non-disclosure agreement (NDA) first to protect your privacy.

4. Key selling points

What makes your business special? Forget how you *feel* about it: Instead, ask what it will *do* for an acquirer. Consider, from the buyer's perspective:

- What you offer or do that no one else does
- How easily and quickly your business will generate a return
- How your business compares with others in the market

A strategic buyer might be less interested in a financial return than in synergies that make an acquisition a more cost-effective plan for achieving its long-term goals. Financial buyers, however, are more common and want you to persuade them that the business will generate a decent return within three to five years (usually via another exit event). Put simply, you're selling a growth opportunity, which can depend on things like your:

- Business model
- Financials
- Market
- Pricing
- Operations
- Intellectual property
- Staff
- Customers
- Vendors
- Licenses

- Technology

If you can identify and articulate how your business will generate that return, financial or otherwise, you'll not only attract more buyers but also better-qualified ones.

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5. Last three years of metrics

You wouldn't back a horse unless you knew it could win. Likewise, a buyer won't consider acquiring a business until they know how well it's performed. The easiest way to present this data is by connecting your web, customer and traffic metrics to a startup acquisition marketplace like my company, Acquire.com. Buyers can then see accurate information updated in real-time. That aside, you'll need a profit and loss (P&L) statement for the last three years, and should expect to share additional metrics like:

- Web traffic
- Growth rate
- Churn rate
- Annual recurring revenue
- Monthly recurring revenue
- Customer acquisition cost
- Lifetime value of customer
- Earnings before interest, taxes, depreciation and amortization (EBITDA)
- Gross and net revenue
- Operating cash flow
- Working capital

If your business is pre-revenue, you won't have any financial data to share, but can still forecast growth and convey details of the market.

6. Asset transfer plan

Say your acquisition sails through to the closing stages in a few weeks. What happens then? Unless the buyer is acquiring stock exclusively, you'll need to transfer some or all of its assets, and the easiest way to do that is with an asset transfer plan. Without one, you risk leaving assets behind, sending them to the wrong location and/or not sending them fast enough, any or all of which may make buyers regret signing a purchase agreement. A good plan, however, guarantees a seamless exchange.

How to draft one? First, list your business assets and verify your ownership of them (for example, make certain that no contractors or ex-employees have rights to your intellectual property). Then consider:

- **What assets you'll transfer:** Ensure you accurately inventory everything from web domains to equipment to intellectual property – anything that gives the business value.
- **Where they are going:** You won't know this until you've found a buyer, but ensure that the assets *are* transferable (social media handles can be tricky, for example).
- **How you'll transfer them:** Identify the steps you'll take to transfer each asset, who needs to be involved and how long the process will take.
- **When they must be transferred by:** A buyer will want them as soon as possible, of course, but don't rush. Transfer assets one at a time.

It might seem strange to create a plan now for something you haven't negotiated yet. After all, you might not sell *any* assets in a stock purchase or *every* asset in an asset purchase. But it's good to keep an accurate inventory of assets anyway, so you might as well prepare a transfer plan in the process.

7. Asking price range

Do you know how much your business is worth? Buyers aren't shy about running those numbers, and you shouldn't be either. Just don't let any emotional connection creep into the valuation. What *should* impact it, and so ultimately the asking price, are your goals.

Returning to point one: Your reason for selling dictates much of what follows in an acquisition, including limits on what you'll accept. As a result, think of an asking price as a range:

- Top: the price of your dreams – achieves all your goals and more.
- Bottom: the minimum to achieve most of your goals (or the most important ones)

Anything inside that range is an offer worth considering. You don't want to leave money on the table, but also don't want to repel buyers with an unrealistic number – just make sure to back up your range with facts and figures.

In my experience as the CEO of Acquire.com, the asking price is the number one reason why founders can't sell their businesses. It might be helpful to view the average multiples at which startups got acquired in our biannual market reports.

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