

The Seller's *Readiness Checklist*

Before you put it on the market: the number to run, the value-drivers to fix, and the deal-killers to catch — while you still have time to do something about them.

Most owners sell once, and many leave money on the table because they started too late. This is the first screen — whether you, and the business, are ready to sell well. It won't replace real advice; it tells you where you stand and what to fix first.

1 · The seller's first-look math

A small business sells for some multiple of its earnings — **Seller's Discretionary Earnings (SDE)** for owner-operated businesses, or **EBITDA** for larger ones. What matters is not the headline price but what you *net* after debt, fees, and tax — and whether that clears the number you actually need. Run it:

Annual SDE (or EBITDA, if larger)	\$
Likely multiple (Main St. ~2–3.5× SDE; lower-mid-market ~4–6× EBITDA)	×
Estimated enterprise value	\$
Less: debt to be repaid at close	\$
Less: sale costs (broker ~8–10%, legal, advisory)	\$
Less: estimated tax on the sale (gains + recapture)	\$
= Estimated net to you	\$
Your number — what you need to walk away	\$
Gap check — net vs. your number	over / at / under

For example: \$400K SDE × 3.0 = \$1.2M price — but less \$150K debt, ~\$120K fees, and ~\$180K tax leaves roughly **\$750K net**. A \$1.2M “price” is not \$1.2M in your pocket. **If you're under your number**, the answer is rarely “sell anyway” — it's “raise the earnings or the multiple first” (Sections 2 and 3). Multiples, fees, and tax are illustrative and vary by industry, size, structure, and deal — get a real valuation before you decide.

2 · Is it ready to sell? — the value-drivers

Buyers pay more for a business that is safe to own without you. Score each honestly; the “no”s are your to-do list for the next 12–24 months.

Can the business run without you for 30+ days? What breaks if you're gone?

What % of revenue is your single largest customer? Your top three?

Are the books clean, current, and do they match your tax returns — three years?

Are your add-backs documented and defensible — truly one-time or personal? (*add-backs = expenses added back to reach SDE*)

Are the core processes documented, so a new owner can step in?

Have you started a **data room** — contracts, leases, returns, financials — for diligence?

Which employees are essential — and will they stay through a sale?

How have revenue and margins trended over the last three years?

What's the growth story for the *next* owner — the upside you're handing them?

Do leases, licenses, and key contracts transfer to a buyer?

3 · Value-killers & deal-breakers — tick any that apply

The business is you — it walks out the door when you do

One or two customers are a large share of revenue

Revenue or margins are declining

Books don't match the tax returns; add-backs look aggressive

A key employee is a flight risk

Lease expiring or a license that won't transfer

Pending litigation, liens, unpaid taxes, or warranty exposure

You're selling reactively — health, burnout, divorce — from a weak position

No advisory team yet (CPA, attorney, M&A advisor or broker)

- Word has leaked to employees or customers before you were ready
-
-

Your readiness score. Value-drivers handled (Section 2): _____ of 10. Deal-killers flagged (Section 3): _____ of 10.

More green in Section 2 and fewer flags in Section 3 means a higher price and a smoother sale. Each gap is a to-do, not a verdict — and most can be fixed with 12–24 months of lead time.

Cleared the first screen — or found work to do? Here's your next step.

Go deeper with the free **“Are You Ready to Sell?” guide** — readiness, value-drivers, who buys, and what the process looks like, end to end. When you're ready to actually **run the sale and get paid what it's worth**, that's **Sell the Business, Get Paid** (\$349) — the guide and 14-tab workbook that recast your earnings to the price buyers pay, set a price a buyer can finance, model your net after tax, and build the buyer-ready package. And when a sale is real, **engage a qualified CPA, attorney, and M&A advisor**. Start at **baratelliinstitute.com**.

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