

# Exit Readiness Checklist for Building Products & Services Businesses

Preparing your business for a sale is a crucial step towards maximizing value and ensuring a smooth transition. This checklist provides a high-level overview of key areas to assess your company's readiness for an M&A process.

## Financial Preparedness

- ☐ **Clean Financial Statements:** Are your financial statements (Income Statement, Balance Sheet, Cash Flow) accurate, complete, and audited or reviewed by a reputable accounting firm for the last 3-5 years?
- ☐ **Key Performance Indicators (KPIs):** Have you identified and consistently tracked relevant KPIs for your business (e.g., revenue growth, gross margin, EBITDA, customer acquisition cost, customer lifetime value)?
- ☐ **Realistic Financial Projections:** Do you have well-supported financial projections for the next 3-5 years, based on historical performance and market analysis?
- ☐ **Quality of Earnings (QoE):** Have you considered or undergone a QoE analysis to validate the sustainability and accuracy of your reported earnings?
- ☐ **Debt & Capital Structure:** Is your company's debt structure optimized? Have you reviewed all loan agreements and capitalization tables?

## Operational Strength

- ☐ **Management Team:** Is there a strong management team in place capable of running the business post-acquisition, reducing reliance on the owner?
- ☐ **Documented Processes:** Are key business processes (sales, operations, finance, HR) well-documented and standardized?
- ☐ **Supplier & Customer Concentration:** Have you assessed risks related to significant customer or supplier concentration? Are key contracts transferable?
- ☐ **Technology & Systems:** Are your IT systems, software, and infrastructure up-to-date, scalable, and secure?
- ☐ **Facilities & Equipment:** Are your physical locations and equipment well-maintained? Are leases current and transferable?

## Legal & Compliance

- ☐ **Corporate Records:** Are all corporate records (articles of incorporation, bylaws, meeting minutes, stock ledger) organized and up-to-date?
- ☐ **Contracts:** Have all significant contracts (customer, supplier, employee, lease) been reviewed for assignability, change of control clauses, and potential liabilities?

- ☐ **Intellectual Property (IP):** Is your company's IP (trademarks, patents, trade secrets) properly protected and documented?
- ☐ **Licenses & Permits:** Are all necessary business licenses, permits, and regulatory approvals current and in good standing?
- ☐ **Litigation:** Is there any pending or threatened litigation against the company?

## Market Position & Growth Strategy

- ☐ **Competitive Landscape:** Do you have a clear understanding of your market position, competitors, and unique value proposition?
- ☐ **Growth Opportunities:** Have you identified clear and achievable growth opportunities (e.g., new markets, products, services, operational efficiencies)?
- ☐ **Sales & Marketing Strategy:** Is your sales and marketing strategy documented, effective, and scalable?

## Pre-Sale Preparation

- ☐ **Valuation Expectations:** Do you have realistic valuation expectations based on market comparables and business performance?
- ☐ **M&A Advisor:** Have you considered engaging an M&A advisor (like Structured Partners) to guide you through the process?
- ☐ **Due Diligence Readiness:** Have you started organizing documents and information typically requested during due diligence in a virtual data room (VDR)?

**Disclaimer:** This checklist is for informational purposes only and does not constitute financial or legal advice. Consult with qualified professionals before making any decisions regarding the sale of your business.

*Structured Partners specializes in guiding owners of building products and services companies through successful M&A transactions. Contact us for a confidential consultation.*