Matyx | Exit Deck

Over the years, we've met many business owners looking to sell for vastly different reasons. They tend to fall into three camps:

1. **The Teeter-Totter**
   "I *could* sell my business… but only if I get the right price."

2. **The Panicker**
   "I need to sell my business ASAP, but I have no clue what to do first—help!"

3. **The Defeated Seller**
   "I've had enough. Just sell it before this weekend. The business is taking over my life!"

Business owners in categories #2 and #3 share a pressing concern:

They need to sell—and fast.

While it's always ideal to plan a business exit years in advance, life happens. At Matyx.com, we understand the many unpredictable factors that compel owners to sell quickly. That's precisely why our **Exit Deck** program exists.

This guide is for owners who expect to sell their business within the next 12 months. Inside, we'll explore:

- Evaluating your business through a buyer's eyes
- The difference between "saleability" and "valuation"
- Fast ways to enhance your business value in under 6 months

Our mission? To give the Matyx.com community its best shot at a smooth and successful exit. Let's dive in!

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01. Pre-Diligence: Put on Your Buyer's Hat

When big corporations sell for tens or hundreds of millions, they bring in a squad of investment bankers and analysts to do a "pre-diligence" dive. These experts hunt for any potential deal-breakers that might scare off a buyer.

Even if your sale is on a smaller scale, you should do the same. Flag any red flags in advance and address what's fixable—especially if you're in a hurry. Common examples include:

- Potential legal liabilities
- Messy or incomplete financials
- Uncertain HR situations (e.g., employment agreements)

You won't be able to solve everything in a rush. But there's usually some low-hanging fruit you *can* tackle.

1.1. What Buyers Really Care About

When you're "in buyer mode," remember that prospective buyers are laser-focused on finding *risks*, not *opportunities.* Most sellers confuse the two:

Problems	**Opportunities**
Broken dishwasher that's never replaced	Hiring a full-time marketing assistant
Not incorporated or incorporated improperly	Building an online store or second location
Big legal or financial red flags	New branding or trade show expansions
2-star Google Reviews	

With limited time, eliminate as many "problems" as you can. Buyers reduce offers when they sense *risk*. So, keep their perceived risk as low as possible.

1.2. Lowering the Perceived Risk

Think of risk from a buyer's point of view. If something seems shaky—finances, HR, or legal issues—they'll likely lower their offer or walk away. Below are common focus areas:

- **Legal**
- **Financial**
- **HR**
- **Financing Eligibility**

1.2.1. Mitigating Legal Risks

Here are typical legal pitfalls in small business sales:

1. **Out-of-date corporate books & records**
2. **Missing annual corporate filings**
3. **Unresolved contract disputes**
4. **Unincorporated or improperly incorporated**
5. **Missing or invalid employee agreements**
6. **Incorrect or missing business licensing**
7. **Landlord or real estate uncertainties**
8. **Trademarks, patents, and IP issues**

Good News: Most are quick fixes with a competent *corporate* lawyer. Share your plan to sell within a year so they can ensure your business is in good standing.

1.2.2. Mitigating Financial Risks

From a buyer's view, "financial risk" = "earnings uncertainty." Top concerns:

1. **Quality of Earnings**
    - Use properly prepared financial statements from an accountant.
    - Consider paying yourself a legitimate salary *on the books* so profits look consistent and transparent.
2. **Revenue Concentration**
    - If most sales hinge on one or two customers or industries, it's a red flag.
    - Try signing multi-year contracts or thoroughly documenting sales pipelines to show stability.
3. **Year-to-Date (YTD) Figures**
    - Buyers want to see recent performance.
    - Keep a monthly record of profits & losses.
    - Explain any dips or seasonal constraints upfront.

1.2.3. Mitigating HR Risks

Your people might be the business's biggest asset. Buyers worry that key employees might quit post-sale:

1. **Employee Contracts**
    - Especially for pivotal staff, get formal agreements in writing.
    - Prevent the dreaded "GM quits right after closing" scenario.
2. **Outstanding Liabilities**
    - Unresolved HR complaints or severance owed can derail a deal.
    - Tidy up any lingering issues before you go to market.

1.2.4. Mitigating Financing Risk

A buyer often needs a loan to purchase your business. If financing isn't available, your buyer pool shrinks drastically. Key finance blockers:

- **Lack of accountant-prepared financials**
- **Excessive or outdated inventory**

If banks won't fund the deal, you'll be stuck hoping for an all-cash buyer—much less common.

1.3. Involve Your Deal Team Early

Your “deal team” includes:

- **Accountants**
- **Corporate Lawyers**
- **Bankers** (or alternative lenders)
- **Financial Planners**
- **Brokers / Transaction Advisors** (like Matyx.com’s Exit Deck)

A seasoned deal team keeps issues from popping up last-minute, avoiding the dreaded “deal dies in due diligence” scenario.

Pro Tip:

- Your accountant helps gather the financial data and calculates potential tax liabilities.
- Your lawyer ensures proper legal structure and contract integrity.
- Your banker confirms if buyer financing is even feasible.
- A transaction advisor (e.g., Matyx.com) can guide negotiations, manage marketing efforts, and keep the process streamlined.

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02. Salability vs. Value

Not every “valuable” business is *saleable*. Sometimes, your passion, sweat equity, and unique skill set *don’t* translate into a quick, easy sale.

2.1. When Value Doesn’t Equal Salability

1. **Emotional Overvaluation**
   - You’ve poured heart and soul into your business, so you might set an unrealistic price.
   - The buyer doesn’t share your personal attachment and may see your high price as a non-starter.
2. **Forgetting That Buyers Have Options**
   - Buying any business is *optional*. If your price or terms are too steep, buyers will walk.

2.2. Common Situations Where Businesses Aren’t Saleable

1. **The One-Person Show**
   - If the entire business depends on *you* alone, the buyer sees high risk.

- **Fix:** Create repeatable systems and train someone to replicate core tasks.

2. **Specialist Business**
    - Requires a specific license or expertise (dentists, lawyers, doctors).
    - **Fix:** Either seek a like-minded buyer or structure the business so other licensed staff stay on board.
3. **Inventory-Heavy Business**
    - Large unsold inventory can scare off buyers (and banks).
    - **Fix:** Explore consignment or creative structures that reduce the buyer's upfront inventory burden.
4. **Asset-Heavy Operations**
    - Expensive equipment can complicate valuations.
    - **Fix:** Transition to lease or rental models to reduce "heavy" assets.
5. **Client Concentration Risk**
    - If 80% of revenue comes from one client, that's a red flag.
    - **Fix:** Secure your top clients with contracts or other retention strategies.

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03. Quick Valuation Boosters

Time is short. Focus on changes that can make a real impact in under 6 months:

1. **Operational Efficiency**
2. **Reducing Owner Dependency**
3. **Highlighting Growth Potential**
4. **Recurring Revenue**
5. **Organizational Stability**
6. **Sales & Marketing Refinements**

Let's go deeper.

3.1. Operational Efficiency

- **Standard Operating Procedures (SOPs)**
    - Document how-tos for each business function.
    - Buyers want to see they can step in *without you*.

- **Annual Operating Budget**
    - Builds credibility, tracks expenses, and often uncovers unnecessary costs.
- **Improve Your Cash Conversion Cycle (CCC)**
    - The faster you convert inputs into cash, the more appealing your business becomes.

3.2. Reducing Owner Dependency

Ask yourself:

- "Can my company run for 2 months if I vanish?"
- "What percentage of customers ask for *me* by name?"

If you're integral to day-to-day operations, slowly delegate. Transfer critical relationships to managers or other employees. Buyers need to see that losing you won't kill the business.

3.3. Growth Potential

"If we just did more marketing…" is what we often hear. But buyers want concrete *plans,* not vague ideas. Do a thorough:

- **Sales & Marketing Audit**: List what works and what doesn't.
- **Growth Blueprint**: Show realistic, data-driven scenarios for scaling.

Better yet, pay a reputable marketing consultant to create a growth strategy—buyers love seeing professional, third-party insights.

3.4. Recurring Revenue

Nothing signals "low risk" more than locked-in monthly or annual commitments. If possible, convert customers into subscription or membership models (think ongoing service contracts).

3.5. Organizational Stability

- **Customer Concentration**: No single client should exceed 5-10% of total sales.
- **Replaceable Key Staff**: Especially your head of sales and production.
- **Secure Supply Chain**: Have contingency plans if a key supplier disappears.

Buyers pay a premium for stable, de-risked operations.

Putting It All Together

We hope this **Exit Deck** overview helps you prep for a successful sale—even on a tight timeline. For those who like checklists, here's the bottom line:

1. **Tackle Legal & Financial Housekeeping**

2. **Address HR Liabilities**
3. **Streamline Processes & Reduce Owner Dependency**
4. **Showcase Growth & Recurring Revenue**
5. **Secure Your Organizational Structure**

Each step you check off could translate into more money in your pocket at closing. If you need guidance—or if you'd like our team's direct assistance—reach out through Matyx.com. We're here to help make your exit as smooth and profitable as possible.

Ready to get started? Let's take the next step together with Matyx.com's **Exit Deck** program. Your future awaits.