

Is Your Business Ready To Sell?



The following is a 20 point checklist to help you determine if your company is ready for sale. There are particular things that buyers look for and there are other variables that will scare them off. These questions are designed to help you do a quick survey of your readiness to bring your company to market.

Give yourself one point for each “Yes” answer to the following questions.

(If a particular question does not apply to your company, give yourself a point for that question.)

- 1) Do you have growing year over year revenues? (Or, at least the last three years?)
- 2) Are you larger than most of your competitors?
- 3) Do you have solid EBITDA? (Earnings Before Income Taxes, Depreciation & Amortization)
- 4) Do you have a system for making monthly projections?
- 5) Is your Current Ratio 1.5 or better? (A ratio of assets to liabilities)
- 6) Have you eliminated or reduced contingent liabilities?
- 7) Do you have a large diverse customer base with firm future budgets?
- 8) Do you have a history of loyalty from those same customers?
- 9) Do you have a backlog of multi-year projects/contracts?
- 10) Do you have a new business pipeline that exceeds three times annual revenues?
- 11) Do you have contracts with customers that allow lots of flexibility on deliverables and time frames?
- 12) Are your contracts direct with the customers, rather than second hand as a subcontract?
- 13) Do you have a well-known and respected “brand” in your space?
- 14) Do your products fill a special/unique niche?
- 15) Do you hold unique patents or technologies in your marketing space?
- 16) Do you have a loyal and effective management team that can handle everything?
- 17) Can you go on an extended vacation without being missed?
- 18) Does your staff hold credentials in their respective areas of specialty? (ie, CPA, PE, JD, etc.)
- 19) Are your books “clean” without any anomalies that cannot be easily explained away?
- 20) Do you have an exit plan for yourself?

Scoring--Score one point for each yes answer.

16 – 20 You’re ready! Century’s buyers would fall over each other trying to meet you.

11 – 15 Good job! Century can give you some ideas for tweaks to improve.

6 – 10 There’s hope. You’re half way there. Talk to Century about what you need to do.

1 – 5 You’re probably a few years away. But, it’s never too late to start getting ready.