APPLETON
STRATEGIC

OWNER GUIDANCE SERIES

EXIT READINESS / OWNER-MANAGED BUSINESSES

The Exit-Ready Business

An owner's guide to building a company worth buying — and getting the best possible price when you're ready to sell.

01

Start The Clock Early

If there's one thing I tell every owner I sit down with, it's this: start planning your exit three to five years before you actually want to walk away.

That's not a scare tactic, it's just how long it genuinely takes to turn a business that runs well into a business that **sells** well. Those two things are not the same. A business can throw off healthy profit and still be a hard sell, because value and saleability are different questions. Value asks what the business is worth today. Saleability asks whether a buyer can actually step into it without you.

The reason this catches so many owners out is simple: running a business is a full-time job, and thinking about leaving it feels like a distraction from that job. So it gets pushed back, year after year, until a buyer turns up unannounced, or the owner simply runs out of road. By then, the options have narrowed considerably.

The fix isn't complicated, even if it isn't easy. Step outside your own business periodically and look at it the way a buyer would — a stranger, doing due diligence, with every incentive to find reasons to pay you less. That shift in perspective, done early enough, gives you time to fix what you find.

02

Due Diligence Is A Rehearsal, Not An Exam

Every deal ends in due diligence, so the smartest owners run their own version of it long before a buyer ever gets involved — across contracts, financials, employment, property and operations, on their own terms, with nobody chipping at the price while they fix things.

Skip this step, and a buyer's due diligence team will find the gaps for you. Every gap becomes a lever to renegotiate.

Contracts
Client and supplier agreements that are informal or out of date are one of the most common reasons acquirers reduce their offer. Get them properly documented.

Property
If you lease your premises, understand whether that lease is assignable, and whether an acquirer could relocate or integrate the business without a fight.

Key-person risk
If the business leans too heavily on your own relationships, knowledge or signature, that's a value problem, not a compliment. Buyers pay for businesses, not for owners.

03

Build Something Worth Copying First

Acquirers don't buy businesses out of sentiment. They buy them because ownership adds something they don't currently have.

That might be capacity, capability, market access, or a growth story that's cheaper to buy than to build themselves. A useful exercise — and one I'd genuinely recommend doing on paper — is to study recent acquisitions in your own sector. You'll likely already know of a competitor that's been sold. Look at what made it attractive: leadership team, client base, brand, growth trajectory, intellectual property. Widen that out to ten businesses if you can, and patterns will start to emerge.

Then flip the exercise. Draw up a shortlist of three organisations you believe would be a natural fit to acquire your business, and work backwards. What would make you genuinely attractive to each of them, specifically? That answer is often more useful than any generic value-building checklist.

04

What Actually Moves The Number

Two sets of factors decide what a business is worth on exit, and they need different work.

INSIDE THE BUSINESS

The people you employ and the financial discipline behind the numbers. A management team that can run the business without the owner removes the single biggest risk on a buyer's checklist. Clean financials, strong cash preservation, and tidy governance all add weight.

OUTSIDE THE BUSINESS

Market position, competitive dynamics and timing. A business that understands where its market is heading, and can point to something genuinely difficult to replicate, holds up far better under scrutiny than one that can't explain why it wins.

Both sides matter, and they interact. The businesses that command the best multiples tend to have both working in their favour at the same time.

05

Growth Is Part Of The Pitch

Buyers aren't only purchasing what your business is today; they're purchasing what it could become under different ownership.

A credible growth story, backed by a coherent sales and marketing plan, does more for your eventual price than almost anything else you can point to. That means having genuine answers, not aspirations, to questions like: where will new customers come from? What's the pipeline for new products or services? Is the brand's reputation documented anywhere a buyer can actually see it — case studies, testimonials, a website that reflects the business as it really is?

None of this needs to be dramatic. It needs to be credible, evidenced, and repeatable by someone other than you.

06

Know Who You're Selling To, Long Before You Sell

Most owners assume their eventual buyer will be a direct competitor. Sometimes that's right. But the highest offers often come from somewhere less obvious — a business in an adjacent market looking for a new channel, a company wanting your capability without wanting to build it from scratch, or a strategic buyer entering your sector for the first time.

The earlier you can identify who those buyers might realistically be, the earlier you can start tailoring the business towards what actually matters to them, rather than guessing. This is exactly the kind of research an experienced adviser should already be doing on your behalf — tracking acquisition activity in your sector, understanding who's actively buying, and reading the market for the right moment rather than a convenient one.

07

The Practical Timeline

Give yourself a minimum of three months to prepare properly, and closer to a year if the business is substantial.

That preparation window is where the real value protection happens. A few things worth having in order well before you go to market:

A data room
Your documents — financial, legal, operational — pulled together in one place, ready to share securely and selectively as a process moves forward.

Clean intellectual property
Any ambiguity here surfaces during due diligence, and it rarely surfaces cheaply. Sort ownership, registrations and licensing before a buyer's lawyers find the gap first.

A first impression that holds up
Website, materials, premises, the tone of that first meeting — all of it forms a buyer's opening view of the business. Don't dress up what isn't there; an experienced acquirer will see through it, and it costs you trust exactly when you need it most.

THE SHORT VERSION

Selling a business well isn't a single event — it's the outcome of years of decisions taken with an eventual buyer in mind, whether or not you're actively planning to sell any time soon.

Build the management depth. Tidy the documentation. Understand your value drivers. Know your likely buyers. When the moment comes, you'll be negotiating from strength rather than catching up.

That's the work. It pays to start it properly — and it pays to have someone in your corner who's done it before.

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