Ten things buyers check

A checklist for owners thinking about selling in the next few years. Most of these can be improved. Few can be fixed in the six months before a sale.

> **How to use it.** Read each item, answer the question underneath honestly and tick one box. Anything marked "needs work" or "not sure" is where to start.

	WHAT A BUYER LOOKS AT	GOOD SHAPE	NEEDS WORK	NOT SURE
1	**Profit you can prove** Buyers start from your accounts, then adjust them for things like your own salary, one-off costs and personal spending through the business. Every adjustment needs evidence. **Ask yourself:** could you list every adjustment to last year's profit and show the paperwork behind each one?	☐	☐	☐
2	**Monthly management accounts** Regular, timely accounts show the business is run on numbers, and they let a buyer see the trend since the last year end. **Ask yourself:** do your monthly accounts arrive within a few weeks of month end, and do the twelve months add up to the year-end accounts?	☐	☐	☐
3	**How much it depends on you** A buyer is paying for what happens after you leave. If you win the work, hold the relationships and make every decision, the business is worth less without you. **Ask yourself:** of your ten biggest customers, how many deal mainly with you?	☐	☐	☐
4	**Processes that are written down** Written processes show the business runs the same way when people change, and they make the handover easier to believe. **Ask yourself:** could a capable new starter do each key job from what is written down, without asking you?	☐	☐	☐
5	**Customer concentration** The more revenue that sits with a few customers, the more risk a buyer sees in losing one of them after the sale. **Ask yourself:** what share of last year's revenue came from your largest customer, and from your largest five?	☐	☐	☐

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6	**Repeat and recurring revenue** Contracts, subscriptions and loyal repeat customers make next year easier to predict, and buyers will pay more for that. **Ask yourself:** how much of next year's revenue is already contracted or very likely to repeat?	☐	☐	☐
7	**Margins by product and customer** Buyers want to know which products and customers make money, and whether prices have kept up with costs. **Ask yourself:** do you know the gross margin on your three biggest products and your ten biggest customers? When did you last raise prices?	☐	☐	☐
8	**Cash** Working capital, how quickly customers pay and how much stock you hold all affect the price and the terms of a deal. **Ask yourself:** on average, how many days do customers take to pay you, and is that getting better or worse?	☐	☐	☐
9	**A team that stays** Key people, their contracts and who would step up if someone left. A buyer will want to know the team is staying. **Ask yourself:** are your key people on up-to-date contracts, and who would cover each of their roles tomorrow?	☐	☐	☐
10	**Tidy paperwork** Contracts, leases, intellectual property, compliance and any disputes. Gaps found late slow a sale down and can reduce the price. **Ask yourself:** could you hand over signed copies of every important customer contract, lease and supplier agreement within a week?	☐	☐	☐

What to do with your answers

Start with the items marked "needs work" that matter most to profit, then the ones you weren't sure about. Getting these in order usually takes one to two years, so the earlier you start, the more there is to work with.

I help owners work through them, as a fractional finance director or alongside your accountant and your team. I don't find buyers or run the sale, but I'm happy to work alongside your corporate finance adviser or broker.

If you'd like a second pair of eyes, get in touch at quentinhunter.com/pages/connect.