The Pennsylvania Business Owner’s Exit Planning Guide

How to Prepare, Position, and Navigate the Sale of Your Business

THE TURN BUSINESS ADVISORS

Welcome

Most business owners don't start thinking seriously about selling until they're ready to be done.

In reality, many of the factors that impact the outcome are shaped well before the business ever goes to market.

That preparation influences things like:

- The valuation your business can support
- The type and quality of buyers you attract
- How smooth—or difficult—the process becomes
- The structure and terms of the deal

This guide is designed to give you a clearer understanding of how that preparation works—what buyers look for, where deals tend to run into friction, and what can be done ahead of time to improve the result.

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IMPORTANT:
Before Reading

Most business owners don’t start thinking seriously about selling until they’re ready to be done.

It’s usually triggered by something specific—burnout, a life change, or simply the feeling that it’s time to move on. At that point, the focus naturally shifts to “What is my business worth?” and “How quickly can I sell it?”

While that’s a reasonable place to start, it’s often later than ideal.

And in many cases, that delay directly impacts the outcome—whether the owner realizes it or not.

In reality, the outcome of a sale is often determined well before the business ever goes to market.

The preparation leading up to a sale—how your financials are structured, how dependent the business is on you, how risks are addressed, and how the opportunity is positioned—has a direct impact on:

- The valuation you’re able to support
- The type and quality of buyers you attract
- The structure and terms of the deal

In other words, the best outcomes aren’t improvised—they’re engineered.

And that engineering doesn’t happen at the point of sale. It happens in the lead-up. Many owners only start thinking about these factors once they’ve already decided to sell, which limits what can realistically be changed in the timeframe of a transaction.

The sale process might take months—but the preparation that drives the result often takes longer.

Understanding that early doesn’t mean you need to sell now. It simply means you have more control over the outcome when the time comes.

WHAT
“Exit Planning” Means

When most owners think about selling their business, the process feels relatively straightforward:

Find a broker.
List the business.
Talk to buyers.
Close the deal.

And at a high level, that is the process.

But that view focuses almost entirely on what happens after the decision to sell has already been made.

Exit planning starts earlier—and it’s broader than just going to market.
It includes how your business is positioned before a buyer ever sees it:

- How your financials are structured and presented
- How dependent the business is on you
- What risks exist beneath the surface—and whether they’ve been addressed
- How clearly the opportunity can be understood by someone stepping in from the outside

Because once a business is on the market, most of those factors are no longer theoretical—they’re being evaluated in real time.

And at that point, you’re not just telling the story—you’re defending it.

And if parts of that story don’t hold up, they don’t get ignored—they get priced in.
Exit planning is about shaping that story in advance.

It’s the difference between reacting to buyer questions and already having clear, defensible answers. Between uncovering issues during diligence and identifying them early enough to improve them.

Selling a business isn’t just about finding a buyer—it’s about making your business something a buyer wants to acquire.

Key Points

- ✓ Selling a business isn’t just a process—it’s the result of how well the business is prepared before it ever goes to market.
- ✓ Once buyers get involved, you’re not just presenting your business—you’re defending it, and anything that doesn’t hold up gets priced in.
- ✓ Exit planning is about shaping the story in advance so you’re prepared for scrutiny, not reacting to it.

HOW BUYERS Actually Think

When you've spent years building a business, it's natural to view it through the lens of effort and investment.

You know what it took to get there—long hours, decisions made under pressure, relationships built over time. And that perspective matters. It's what got the business to where it is today.

But when a buyer looks at that same business, they're viewing it through a different lens.

They're not evaluating what it took to build it—they're evaluating what it will look like to own it.

At a high level, buyers are focused on three things:

- **Risk** — What could go wrong after the transition?
- **Transferability** — How easily can this business operate without the current owner?
- **Sustainability** — How confident can they be that current performance will continue?

This creates a natural disconnect.

An owner might see:

- Years of effort
- Strong relationships
- A business that's grown through experience

A buyer sees:

- How reliable the cash flow is
- Where the risks are
- How dependent the business is on the current owner

That difference in perspective is what shapes how a business is valued and how deals are structured.

Because at the end of the day, a buyer isn't paying for what the business has been—they're paying for what they believe it will become once they take over.

Buyers don't pay for what your business has been—they pay for what they believe it will do under their ownership.

And that difference in perspective is where most valuation gaps begin.

Key Points

- ✓ Owners evaluate their business based on what it took to build—buyers evaluate it based on what it will look like to own.
- ✓ Buyers focus on risk, transferability, and sustainability—not effort, history, or relationships.
- ✓ Valuation gaps often come from this difference in perspective—what you see as value, a buyer may see as risk.

THE CORE PILLARS
Of Exit Readiness

Once you start looking at your business through a buyer's lens, exit planning becomes less about timing and more about readiness.

Most owners assume that if the business is performing well, it's ready to sell.
But performance alone doesn't determine outcome.

Buyers are evaluating how that performance holds up under new ownership—and that comes down to a handful of core areas that consistently shape how a business is perceived, valued, and ultimately transacted.

Pillar 1 - Financial Preperation

Most owners assume that knowing their numbers is enough.

They understand their revenue, their expenses, and what they take home at the end of the year. From their perspective, that should translate directly into value.

But what actually matters is how those numbers are presented, supported, and interpreted by someone outside the business.

Buyers—and lenders—aren't just looking at performance. They're validating it.

That means:

- Financials need to be clean and consistent
- Add-backs need to be clearly documented and reasonable
- The story behind the numbers needs to hold up under scrutiny

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The way your financials are presented can directly impact how buyers and lenders interpret your cash flow.

Where things go wrong is when financials are unclear, inconsistent, or difficult to follow. Add-backs that feel obvious to an owner may not be accepted by a buyer. And when that happens, the valuation doesn't just shift—it gets recalculated.

Pillar 2 - Operational Independence

Most owners assume that being heavily involved in the business is a strength.

They've built relationships, solved problems, and kept things running. In many cases, the business wouldn't be where it is without that involvement.

But what actually matters to a buyer is how the business operates without them.

Can the business function day-to-day without the owner?
Are key responsibilities delegated?
Are processes documented and repeatable?

The more your business depends on you, the harder it is to transfer—and the more cautious buyers become.

Where things go wrong is when too much of the business is tied to one person—whether that's through relationships, decision-making, or institutional knowledge. That creates uncertainty, and buyers tend to discount for it.

Pillar 3 - Management & Team

Most owners assume that having a good team in place is enough.

They know their employees, trust their key people, and feel confident in how the business operates internally.

But what actually matters is how that team looks from the outside—and whether it's stable through a transition.

Are there key employees critical to operations?
Do they have defined roles?
Is there depth beyond just one or two individuals?

Buyers aren't just evaluating the business—they're evaluating whether the people behind it will stay.

Even strong teams can introduce risk if continuity isn't clear during a transition.

Where things go wrong is when too much responsibility sits with a small number of individuals, or when there's uncertainty around retention post-sale. In those cases, buyers aren't just evaluating the business—they're evaluating whether it will function the same way after closing.

Pillar 4 - Risk Awareness

Most owners assume that if the business is performing well, risk isn't a major concern.

From their perspective, the business is stable, customers are consistent, and operations are running as expected.

But what actually matters is how a buyer evaluates what could go wrong after the transition.

Buyers actively look for:

- Customer concentration
- Vendor reliance
- Key employee dependency
- Informal or undocumented processes

Because even if performance has been strong, risk is what determines how confident they are that it will continue.

Most deals don't fall apart because of performance—they fall apart because of uncovered risk.

And this is where things tend to shift.

A risk that feels manageable to an owner can become a major concern when viewed by a buyer—especially once it's uncovered during due diligence.

At that point, it doesn't just raise questions—it changes leverage.

Where things go wrong is when these risks aren't identified early. Because once a deal is underway, they're no longer areas to improve—they become points of negotiation that can reduce value, change structure, or stop the deal entirely.

Pillar 5 - Growth & Stability

Most owners assume that their numbers speak for themselves.

If the business is profitable and stable, that should be enough to justify interest and value.

But what actually matters is the story behind those numbers—and how a buyer interprets the future.

Why has the business performed the way it has?
What opportunities exist going forward?
How does a buyer step in and continue—or improve—performance?

Buyers aren't just buying a set of financials—they're buying into a future.

And if that future isn't clearly defined, buyers tend to default to more conservative assumptions.

Where things go wrong is when that narrative is unclear or left open to interpretation. Without a clear path forward, buyers often fill in the gaps themselves—and that typically leads to more cautious valuations and deal structures.

Across all of these pillars, the common theme is preparation.

It's not just about having a good business—it's about having a business that holds up under scrutiny, transfers cleanly, and makes sense to someone seeing it for the first time.

And the earlier these areas are addressed, the more control you have over how your business is ultimately valued and positioned when it goes to market.

Key Points

- ✓ A strong business isn't automatically a sellable business—buyers evaluate how it holds up under new ownership.
- ✓ Financial clarity, operational independence, team stability, risk exposure, and growth narrative all shape how your business is perceived and valued.
- ✓ The earlier these areas are addressed, the more control you have over valuation, deal structure, and outcome.

THE SALE PROCESS
Simplified

From the outside, selling a business can seem relatively straightforward.

You find a buyer, agree on a price, and move toward closing.

But in practice, it's a structured process—one that unfolds in stages, each with its own set of evaluations, conversations, and decision points.

From the outside, selling a business can seem straightforward—but each stage introduces its own layer of evaluation and negotiation.

At a high level, most transactions follow a similar progression:

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1. Preperation

This is where everything begins.

Before going to market, the business is reviewed from a buyer's perspective—financials are organized, risks are identified, and the overall story is shaped.

This stage often has the greatest impact on outcome, because it sets the foundation for everything that follows.

2. Valuation

A valuation is developed based on the business's financial performance, risk profile, and market conditions.

This isn't just about arriving at a number—it's about understanding what that number is based on, and how it will be viewed by buyers and lenders.

3. Go to Market

Once the business is positioned, it's introduced to potential buyers.

This typically involves creating materials that clearly present the opportunity and generating interest from qualified buyers—while maintaining confidentiality.

4. Buyer Conversations

Interested buyers begin asking questions, reviewing information, and evaluating whether the opportunity aligns with what they're looking for.

This stage often involves multiple conversations, requests for additional detail, and early discussions around structure and expectations.

5. Due Diligence

After initial terms are agreed upon, the buyer conducts a deeper review of the business.

Financials are validated, risks are examined more closely, and assumptions are tested. This is often where deals are refined—and where issues, if they exist, tend to surface.

6. Closing

Once diligence is complete and financing is in place (if applicable), final agreements are executed and the transaction is completed.

At this stage, the focus shifts from evaluation to execution—finalizing terms, transitioning ownership, and ensuring a smooth handoff.

Each of these stages builds on the one before it.

And while the overall process may seem linear, the outcome is shaped by how well the earlier stages—especially preparation and positioning—have been handled.

Understanding that structure upfront doesn't make the process more complicated—it makes it more predictable.

Key Points

- ✓ Selling a business isn't a single event—it's a structured process with multiple stages, each adding its own layer of evaluation and negotiation
- ✓ Preparation and positioning set the foundation—what happens early in the process has the greatest impact on the final outcome
- ✓ As the process progresses, scrutiny increases—what starts as a discussion becomes validation, and assumptions get tested in detail

WHERE DEALS Go Wrong

From the outside, most deals look like they fall apart suddenly.

In reality, they usually start to break down much earlier—often in ways that aren't obvious at first.

What makes this stage challenging is that by the time issues surface, there's already been time invested. Conversations have happened. Expectations have been set. Momentum has been built.

Many deals don't fall apart at the start—they fall apart after time, effort, and expectations have already been invested.

And when that happens, the impact isn't just logistical—it's emotional and financial. There are a few patterns that tend to show up repeatedly.

Unrealistic Expectations
Many owners enter the process with a number in mind—often based on general multiples, what they've heard from others, or what they feel the business is worth. But when that number doesn't align with how buyers or lenders evaluate the business, it creates friction.

That friction shows up in the form of stalled negotiations, withdrawn offers, or deals that never fully come together.

Poor Financial Documentation
Even strong businesses can run into issues if the financials don't hold up under scrutiny.

If records are inconsistent, unclear, or difficult to reconcile, it creates doubt. And once doubt enters the process, buyers tend to become more cautious.

In many cases, this doesn't just slow things down—it changes how the business is valued and structured.

Owner Dependency
When a business relies heavily on the owner, it introduces uncertainty during the transition.

Buyers begin to question how the business will perform without that involvement—and whether the role can realistically be replaced.

If that dependency isn't addressed early, it often becomes a sticking point later in the process.

Surprises During Due Diligence
Due diligence is where everything is verified.

If new information surfaces at this stage—whether it's financial inconsistencies, operational risks, or dependencies that weren't previously clear—it can shift the direction of the deal quickly.

In some cases, it leads to renegotiation. In others, it leads to the deal falling apart altogether.

Across all of these, the common thread is timing.

These aren't issues that typically appear out of nowhere—they're issues that weren't addressed early enough.

And once a deal is in motion, there's less room to fix them.

That's why preparation plays such a critical role—not just in creating value, but in protecting the deal once it's underway.

TIMING:
When Should You Start

One of the most common questions around selling a business is timing.

When should you actually start thinking about it?

For many owners, the instinct is to wait until they feel ready—ready to step away, ready for a change, or ready to move on to something else.

But by that point, many of the factors that influence the outcome are already set.

And at that point, you're working within constraints instead of creating options.

The goal of planning isn't to force a sale—it's to give you visibility and control ahead of time.

It's about understanding:

- Where your business stands today
- How a buyer would likely evaluate it
- What, if anything, could be improved before going to market

Because the reality is, some of the most impactful changes—cleaning up financials, reducing owner dependency, strengthening operations—don't happen overnight.

They take time.

Starting earlier doesn't mean you have to sell earlier. It simply means you have more flexibility in how and when you do.

The best time to start planning isn't when you're ready to exit—it's when you still have time to improve the outcome; **typically 2-3 years before the sale.**

Next Steps...

If you're starting to think about what an eventual sale could look like, the most useful place to begin isn't with timing—it's with clarity.

Understanding how your business would be viewed today, where it's strong, and where there may be opportunities to improve can give you a much more informed starting point.

Getting that perspective early allows you to make decisions with intention—whether that's preparing for a sale in the near term or simply positioning the business better over time.

If helpful, we're happy to walk through that with you.

Dylan

Steve

Do You Need More Help?

Get Your Valuation

This is a no pressue, exploratory call to understand your situtation, your business, and what you're looking for.