Exit planning checklist: what to do before you sell your business, and when

Most owners who think about selling don't lack interest. They don't know what the job involves. This is the whole list, in the order the work usually has to happen.

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Preparation-first business brokerage for owner-led companies.

An exit planning checklist is the list of what to do, and when, to get a business ready to sell. Start with your own numbers and your contingency plans three or more years out. Use the last two years to get the books, contracts, lease and licenses in shape. Have the documents, the financing picture and the Ohio closing steps lined up before a buyer sees anything.

The full checklist is below, in the order the work usually has to happen. Each item says why a buyer, or a buyer's lender, is going to ask about it, because that's what decides whether the item matters. A few are marked **Fix before you list**. Those are the ones that can stop a sale or a loan outright, and they're worth finding early.

Why a full list helps

When owners talk about selling, the gap that comes up most isn't a lack of interest. It's that they don't know what the job involves. Most picture the listing and the closing and very little in between. The national numbers point the same way. In the second quarter of 2026, retirement was the reason for 72% of business sales between $1 million and $2 million, according to brokers and advisors surveyed by the International Business Brokers Association and M&A Source. Across every size range they track, 60% to 90% of sellers had done less than a year of exit planning, or none.

Reading the whole list once, before starting any of it, shows how much there is, what can wait and where outside help earns its keep. Much of it belongs to the owner's own advisors. The CPA leads the tax and accounting items, the attorney leads the legal ones and a financial advisor leads the personal planning. A business broker comes in for the sale itself. Main Street Exit Partners (MSEP) leads commercial negotiation and process management. Where this work sits in the whole process is laid out in The five stages of a business exit.

Not every item applies to every business. A company with no liquor permit can skip that line, and an owner who leases can skip the questions for owners who hold their building. If you're already inside

one of the time frames below, don't skip the earlier ones. Start with anything marked **Fix before you list**, then work back.

Three years or more before a sale

The early items are personal and structural. None of them needs a buyer, and most take longer than owners expect.

- [ ] **Get an outside read on your gaps.** Ask someone who knows what buyers and lenders check to look at the business the way they will. Owners have blind spots, and three years is enough time to fix most of what turns up. If you do only one thing on this list three years out, do this one.
- [ ] **Work out what you need to walk away with.** Figure out how much you'd need invested to cover what you'll spend each year after the sale, then subtract what you already have outside the business. The difference is what the sale has to produce after taxes, fees and debt payoff. Exit planners call it the wealth gap. Buyers care because a seller who doesn't know this number tends to stall when an offer arrives. What you need to step away walks through it.
- [ ] **Decide what life after the business looks like.** Where you'll spend your time, how long you'd stay on to help the buyer and what role, if any, you'd want afterward. Buyers ask early how long the owner will stay, and a vague answer reads as a risk.
- [ ] **Get your spouse, family and any co-owners on the same page.** Timing, price expectations and whether a family member wants the business should be settled before a buyer is in the room. Check what the sale will need from co-owners, too. In Ohio, an LLC needs every member's consent to sell the business unless the operating agreement says otherwise, and a corporation selling substantially all its assets needs a shareholder vote. A disagreement among owners that surfaces in diligence can end the deal.
- [ ] **Compare the exit paths.** A sale to an outside buyer is one option. Others include a sale to a partner or managers, a transfer to family, an employee stock ownership plan (ESOP), a recapitalization and a wind-down. Each one changes what needs preparing.
- [ ] **Line up your own advisors.** A CPA who has worked on business sales, an attorney who handles transactions and a financial advisor. Some tax and estate decisions only work if they're made years before a sale.
- [ ] **Protect the business against the 5 D's.** Death, disability, divorce, disagreement among owners and distress are the events that force a sale nobody planned. That means a buy-sell agreement among owners with a way to fund it, key-person and disability insurance, a current will and powers of attorney, and a written note on who runs the business and signs checks if you can't. Buyers and lenders want to see that the company can keep operating and that its owners have the authority to sell it.
- [ ] **Build a second layer of management.** Someone other than you should be able to sell, price jobs, run operations and handle the money. This takes longer than any other item on the list, and it's the one buyers weigh most heavily in an owner-led company, under the name owner dependence.

- [ ] **Reduce reliance on your biggest customers.** Know what share of revenue and gross profit your top one, five and ten customers bring in. Thresholds vary by buyer and lender. John Warrillow, in *Built to Sell*, uses 15% for any one customer. Above whatever line a buyer draws, expect questions, a lower price or part of the price held back. Customer concentration is often fixable, but rarely in less than a few years.
- [ ] **Put recurring work under contract.** Repeat customers on written agreements, with renewal dates spread out, are easier for a buyer to count on and for a lender to underwrite than a handshake.

One to two years before a sale

This is when the record a buyer will study gets made. Buyers and lenders usually look at the last three years, and once a year is closed, its books can't be rebuilt month by month.

The books

- [ ] **Move to a current accounting system with monthly closes.** Monthly statements show trends a buyer wants to see, and a once-a-year set of numbers doesn't. Old or homegrown systems make every later step slower.
- [ ] **Consider accrual books.** Many small businesses keep cash-basis books because their taxes are filed that way. Accrual statements match income and costs to the month they belong to, which gives a buyer a truer picture. Your CPA can keep the tax filing where it is and still produce accrual statements.
- [ ] **Make the books tie to the tax returns and bank deposits. Fix before you list.** A buyer's lender verifies the seller's tax returns against IRS transcripts, so a gap nobody can explain becomes a gap in what the bank will lend. Your CPA should be able to walk from each year's profit and loss statement to the return, line by line.
- [ ] **Stop running personal expenses through the business, and document the ones that already did.** Each add-back needs a receipt, an invoice or a ledger entry behind it. A buyer's accountant will test every one, and an add-back with no support usually gets thrown out. **Fix before you list** if the asking price depends on add-backs you can't prove.
- [ ] **Put owner and family pay at market rates in your recast.** If you pay yourself well below what a manager would cost, a buyer will subtract a replacement salary. If family members are paid more or less than the job is worth, expect the same adjustment.
- [ ] **Keep all revenue on the books.** Cash that never reached the books can't be counted. A buyer can't pay for income the seller can't prove, and a bank won't lend against it.
- [ ] **Look at the items that make history differ from the future.** Long-time customers on old pricing, employees with unusual pay arrangements and equipment that is past due for replacement all change what a buyer expects to earn. Know them before a buyer finds them.
- [ ] **Watch working capital.** Receivables, inventory and payables at a normal level. Some deals include a target amount of working capital the business has to have at closing, and slow collections or old inventory come out of the price.

How the business runs

- [ ] **Take a real month away.** No email, calls or texts. Whatever breaks or waits for you is the list of what to fix next.
- [ ] **Write down how the work gets done.** Selling, estimating and pricing, scheduling, purchasing, billing, hiring and the systems and passwords behind them. A buyer pays more for a business whose know-how isn't all in one person's head.
- [ ] **Move customer and supplier relationships to other people.** Introduce managers to the accounts that only deal with you. A buyer will ask which customers would leave if you did.

Contracts, the lease and licenses

- [ ] **Check that every important contract can transfer. Fix before you list.** Read each major customer, supplier and franchise agreement for language that requires consent to a sale or a change of ownership, or that lets the other side end it. When Grady Collins, who founded MSEP, reviewed acquisitions as a chief financial officer, a customer contract that couldn't be moved to the new owner was one item that could have a significant impact on the price. Franchises raise the same question, because the franchisor usually has to approve the buyer and charges a transfer fee. Get the franchise agreement out early and settle who pays the fee before a purchase agreement.
- [ ] **If you lease your space, find out whether the landlord will let a buyer stay. Fix before you list.** The landlord has to agree either to an assignment of your lease or to a new lease with the buyer, on terms the buyer can accept, before closing. Lenders also look at whether the lease runs long enough to cover the loan.
- [ ] **If you own the building, find out what market rent is. Fix before you list.** Not every buyer wants to buy the building with the business. Many would rather lease it from you, and a lender will want a written lease at a market rent. Rent below market also makes earnings look higher than a buyer will accept, so get a realistic number first and decide whether to sell the property, lease it or keep it. Selling a business that owns its building covers the choices.
- [ ] **Find out which licenses stay with you personally. Fix before you list.** In Ohio, electrical, HVAC, plumbing, hydronics and refrigeration contractor licenses are issued to a person and assigned to a company, and the assignment ends 90 days after that person leaves. If you're the only license holder, the buyer needs another licensed person in place. Check every other permit the business runs on, and who it's issued to.
- [ ] **Clean up the legal file.** Articles of organization or incorporation, the operating agreement or bylaws, ownership records, minutes, good standing with the Ohio Secretary of State, trademarks and domain names, and agreements showing the company owns work done by employees and contractors. Settle old disputes where you can and release liens that should have been released.
- [ ] **Check how workers are classified.** People paid as contractors who work like employees, and hourly staff paid as salaried, are common diligence findings, and back pay can become the buyer's problem.

Taxes and your reason for selling

- [ ] **Have your CPA map the tax side of the likely deal.** Asset sale or stock sale, how the price would be split among equipment, inventory and goodwill, and what you'd keep after taxes. Decisions about structure are much easier to make before a letter of intent than after.
- [ ] **Be ready to say why you're selling.** Buyers ask early. Retirement, health and a move are all reasons buyers understand. No clear reason makes them wonder what you know that they don't.

Six to twelve months before a sale

This is preparation for diligence. The goal is to find what a buyer's review will find, while there's still time to fix it or explain it. Before you go to market: what to fix first puts these in order of priority.

- [ ] **Get a realistic value range.** It should come from recast earnings and from what similar businesses have sold for. A range from a broker is a market opinion, not a certified appraisal, and it's better to set your expectations against it now than against a buyer's first offer.
- [ ] **Test whether the business can be financed at your price. Fix before you list** if it can't. Many Main Street buyers rely on outside financing, often SBA-backed. Under the Small Business Administration (SBA) rules in effect in October 2026, the lender looks at whether historical earnings cover the loan payments, checks the seller's returns against IRS transcripts and, when the purchase price is $3 million or more, gets a quality of earnings report prepared for the lender. A report you commission yourself doesn't satisfy that requirement, though it can still help you find problems first. Seller earnouts aren't allowed in an SBA-financed sale, a seller note counts toward the buyer's equity only if it's on full standby for the life of the loan, and in most acquisitions the seller can stay on only as a consultant, for up to 24 months.
- [ ] **Gather the documents once.** Three years of financial statements and tax returns, this year's statements to date, the general ledger, the add-back schedule with support, the lease, major contracts, entity records, licenses and permits, an equipment list, payroll and an organizational chart, insurance policies and any loans or liens. Pulling these together before going to market is faster and cheaper than answering one request at a time with a buyer waiting.
- [ ] **Bring your Ohio tax accounts current.** Sales tax, employer withholding, school district withholding, municipal income tax and the commercial activity tax. Have exemption certificates on file for any sales you didn't tax, and check for use tax owed on equipment and supplies the business bought without paying sales tax. The Ohio Department of Taxation will issue a statement of condition (Form TR-SOC) showing where the accounts stand. It takes several weeks, and a buyer's attorney is likely to ask for it.
- [ ] **Plan for confidentiality before anyone is contacted.** Decide who on your staff learns about the sale and when, what information a buyer sees at each stage and how inquiries will be handled. How to sell your business confidentially explains how that system works.

- [ ] **Plan for the employees the business can't run without.** Know who they are, who backs them up and whether a stay bonus makes sense. Most buyers will want to meet them before closing, and when that happens is something to negotiate. A resignation in the middle of diligence can end a deal.
- [ ] **List every vehicle, trailer and piece of titled equipment.** Note whose name each title is in, whether a lender holds a lien on it and whether it's leased. A truck titled to you personally, or one with a loan against it, has to be sorted out before it can transfer. Decide which vehicles go with the business and say so in writing. Buyers often assume the owner's own car or truck is included.
- [ ] **List what the buyer will have to set up fresh.** Supplier credit terms, credit lines and some permits don't pass to a buyer, who has to apply for them, and a few suppliers ask for large deposits. Knowing which ones apply keeps them from delaying the closing.
- [ ] **Choose the broker who will run the sale.** Interview more than one, ask what they need from you and read the listing agreement before you sign. How to choose a business broker in Cincinnati has the questions to ask.

From listing to closing

Once the business is on the market, the work shifts to protecting what you built in the earlier stages.

- [ ] **Keep results steady.** Buyers watch the months during the sale closely, and a drop in sales during diligence is one of the more common reasons price gets renegotiated.
- [ ] **Share information in stages.** Buyers sign a nondisclosure agreement and complete a buyer profile, including their background and financial capacity, before they see anything confidential. Customer names, employee pay and other sensitive details usually wait until after a letter of intent.
- [ ] **Read the letter of intent with your attorney.** Price is one line. Payment terms, any seller note, working capital, what you're expected to do after closing, exclusivity and the conditions to closing matter as much.
- [ ] **Line up the consents.** Landlord, franchisor, major customers and suppliers, lenders and anyone else whose approval the sale needs, in time for closing.
- [ ] **Have the titles ready to sign.** Vehicles and other titled assets transfer at closing, and the person named on each title signs it. Make sure liens are paid off or released, and that title fees and any transfer taxes are on the closing statement so they don't surprise anyone on closing day.
- [ ] **Work through the Ohio closing items** in the next section with your attorney, CPA and the buyer's side.
- [ ] **Plan the handover.** Who tells employees, customers and suppliers, and when. What you'll do during the transition, and when it ends.
- [ ] **Plan the money and the months after.** Taxes due, where the proceeds go and what you'll do next. The day after the wire covers the first months after a sale.

Ohio items that come up at closing

National checklists rarely mention these, and most of them fall on the buyer if nobody handles them. The owner's attorney and CPA handle the details. This is the list to raise with them early.

- [ ] **Sales tax.** When an Ohio business is sold, unpaid sales tax becomes due right away, and the buyer has to hold back enough of the purchase price to cover it until the seller shows it's paid. A buyer who doesn't hold it back can be personally liable. The seller files a final return within 15 days.
- [ ] **Employer withholding.** The same holdback applies to unpaid state income tax withheld from employees. Final withholding returns, including school district withholding, are due within 15 days of selling or closing the business.
- [ ] **Commercial activity tax.** Any commercial activity tax owed is due within 45 days after the sale, with the same holdback by the buyer until the seller produces a receipt or a certificate that nothing is due.
- [ ] **Tax release.** After closing, the seller files the final returns and can apply for a tax release certificate (Form TR-REL) so the buyer's holdback can be released. The release protects the buyer. A seller who still owes tax is still responsible for it.
- [ ] **Workers' compensation.** The buyer notifies the Ohio Bureau of Workers' Compensation of the purchase on Form U-118 and has to keep the seller's payroll records for the five years before the sale. When a buyer takes over the whole business, the seller's claims history and premium obligations generally follow it.
- [ ] **Unemployment compensation.** When the whole business transfers, the buyer takes over the seller's unemployment account by law, including its history and any balance due. A partial sale can transfer part of the account if the seller and buyer apply together.
- [ ] **Contractor licenses.** If the business runs on an electrical, HVAC, plumbing, hydronics or refrigeration license, a licensed person has to be assigned to the buyer's company before the seller's assignment runs out, 90 days after the seller leaves.
- [ ] **Liquor permits.** A permit transfer goes through the Ohio Division of Liquor Control, which checks with the Department of Taxation first and won't transfer a permit with unpaid taxes. Allow time for it in the closing date.

Fix before you list, all in one place

These are the items that most often stop a sale or a loan outright. If any of them is open, it's worth solving or at least explaining before the business goes to market.

- [ ] Books that don't tie to the tax returns and bank deposits.
- [ ] Add-backs the asking price depends on, with no paper behind them.
- [ ] A customer, supplier or franchise agreement that can't transfer to a buyer.
- [ ] A lease the landlord won't assign or replace on terms a buyer can accept.
- [ ] An owner-held building with no written lease and no market rent.

- [ ] A license that leaves when the owner leaves, with no one else to hold it.
- [ ] A price a buyer's lender can't finance.

Where to start

Most of this list can be done by the owner and the owner's own advisors. The hard part is knowing where your own business stands, because the gaps that matter most are usually the ones an owner has stopped seeing. That's why the first item on the list is an outside read. When you're ready to sell your business, or just want to know how far you are from it, the Confidential Exit Readiness Assessment is a private first conversation about where things stand and what a buyer and a lender are likely to question first.

Questions owners ask about exit planning

What are the 5 D's of exit planning?

The 5 D's are death, disability, divorce, disagreement among owners and distress. They're the events that force an owner out of a business on someone else's schedule, and exit planners use them to test whether a company could survive one tomorrow. The usual protections are a funded buy-sell agreement, key-person and disability insurance, a current will and powers of attorney, and a written plan for who runs the business.

What should an exit plan include?

An exit plan should include what you need from the sale after taxes, what you want to do afterward, the exit path you prefer, a realistic value range and the gaps that lower it, a timeline, the advisors who will help and a contingency plan if something forces an earlier exit. It should be written down and updated as the business and your plans change.

What can stop a business sale before it starts?

The problems that most often stop a sale or a buyer's loan are books that don't tie to the tax returns, add-backs with no paper behind them, a contract or franchise agreement that can't transfer, a lease the landlord won't assign, an owner-held building with no market lease, a license that leaves with the owner and a price a lender can't finance. Each is easier to fix before going to market than after.

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Business sales involve legal, financial, operational, and personal considerations that vary by situation. You should consult your attorney, accountant, tax advisor, financial advisor, lender, and other appropriate professional advisors before making transaction decisions.

START WITH READINESS

Understand where your business stands.

A Confidential Exit Readiness Assessment is a private first conversation about where your business sits in the process, what buyers are likely to care about, and what a prepared path forward may look like. Preparation does not obligate you to go to market.

REQUEST A CONFIDENTIAL EXIT READINESS ASSESSMENT

Scan to request

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The Exit Library is designed to help owners understand the business-sale process before they are in the middle of it.

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