
Before You Ask What the Business Is Worth, Ask What You Need to Step Away

Most owners start with the price a buyer might pay. The more useful first question is what you need to step away, and whether what you would keep after a sale gets you there.

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Preparation-first business brokerage for owner-led companies.

Most owners think the first question in a business exit is what the business is worth. It is a natural place to start.

In reality, a price answers very little on its own. It does not say what you would keep after taxes, debt payoff, transaction costs, and any escrow or holdback. It does not say whether that amount would replace the income the business pays you today. And it does not say what you would do on the Monday after closing, or whether your spouse, family or business partner sees the decision the way you do.

Those questions sit in the first stage of an exit, Owner Alignment, where the owner gets clear on what they want, what they need financially, and what a good outcome looks like. Where that stage fits among the others is covered in [The Five Stages of a Business Exit](#).

This article draws on two books written for owners. In *Walking to Destiny* (2023), Christopher Snider, who leads the Exit Planning Institute, argues that personal, financial and business planning have to move together. In *Hidden Wealth* (2020), Terry Monroe, a longtime business broker, argues that the seller's after-tax result belongs in front of the decision to sell, not behind it.

The sale price is not the number you live on.

Snider frames the problem as what he calls the Income Conundrum: many owners are so reliant on the income from their business that they are not financially prepared for life without it.

The reason is arithmetic, not mindset. A sale converts an income stream into a pool of capital. The salary, the distributions and the personal expenses that may have run through the company stop at closing. What replaces them is whatever that capital can reasonably produce, after taxes, without running out.

For many owners, that figure is well below what the business pays them today, even after a good sale. Owners who have not run this comparison before going to market are often surprised by the size of the gap, and some decide they cannot afford to leave.

Know what you need before you hear what you might get.

Snider's remedy is to work backward from the life the owner wants. He calls the target a Wealth Goal: the money needed to fund the owner's plans without the income from the business.

The order matters. If you know what you need first, a price becomes something you can evaluate. If you hear a price first, it tends to become an expectation, and every later conversation is measured against it.

Snider places the financial advisor at the center of that work, alongside the owner's CPA, accounting for inflation, risk, taxes and estate considerations.

Think in ranges, not a single number.

Once a number is in an owner's head, it tends to stay there. That is true whether the asset is a business or a piece of real estate.

In one early conversation, a potential seller said they wanted \$1 million for their business. Asked where the number came from, they did not really have an answer. It was a round figure that sounded right.

That is becoming more common. Owners can now get a number in minutes from an online calculator or an AI tool. Those tools tend to answer the question the way it was asked, and an owner hoping for a certain figure can usually find one that agrees. A number that is easy to find is not the same as one the market will support.

A more useful habit is to think in ranges. Start with the floor: what you need to step away, after taxes and costs, and still fund the life you want. Above that sits a range you would accept, set with your spouse or partner and your advisors, rather than by the first figure you heard. A range leaves room for what buyers, lenders and diligence will eventually show. A single number does not.

If a third-party sale becomes the path, this is where MSEP's Value Clarity work later picks up: helping the owner understand likely market value, net proceeds, and whether a sale can plausibly meet their goals, as described in [The MSEP Method](#). This is a readiness-focused discussion about how buyers may view the business, not a certified valuation or appraisal.

Taxes are a partner you have had all along.

Monroe calls taxes a partner the owner has had all along and tends to forget, and his instruction is about sequence: "As a seller, you need to know how much your partner 'the taxman' is going to get from the sale first." He reports owners changing their minds after seeing the after-tax numbers, and sellers reaching the closing table before realizing they could not afford to sell.

Monroe's broader point is that price is the wrong measure. What matters to the owner is net proceeds.

Tax treatment depends on facts, structure and current law, so the practical step is to have your CPA or tax advisor run the after-tax, after-cost picture before you make market decisions, not after a price is on the table.

Keeping the business is a legitimate answer.

Snider describes asking a roundtable of owners whether they would rather sell someday or keep the business and have it produce a return without them there every day. Every owner chose to keep it.

They saw the business as the least risky asset they owned. One put it this way: "I don't trust some third party to manage my financial assets, and I don't trust the market."

That view deserves respect rather than a sales pitch. For some owners, honest alignment work leads to a decision to keep the business, build management depth, or revisit the question later. For others, it confirms that a sale fits. If a sale is on the table, the next question is which kind, covered in [A Third-Party Sale Is One Exit Path. It Is Not the Only One.](#)

Either way, the preparation is not wasted. Building a management team that can run the business without you, documenting how the work gets done and getting the financial picture in order make a business easier to sell. They also make it a better business to keep, one that depends less on the owner and leaves more choices open later. That is the logic behind MSEP's readiness approach: the work is worth doing whether the business is eventually sold or kept.

What tends to go poorly is skipping the question and arriving at a sale process without an answer, because ambivalence does not stay hidden once buyers, lenders and diligence teams are involved.

Test the life before you sell into it.

The financial side is only one leg of what Snider calls the Three Legs of the Stool: personal, financial and business goals that need to be aligned. "Business is personal," he writes.

Monroe suggests a trial run before you commit: spend at least four weeks doing the things you think you will be doing after the sale.

Then put it in writing. Snider is direct about why: "It is simply impossible to do appropriate financial, estate, and tax planning if you do not have a written plan for what you will do after you exit your business." Sketch what a typical week would look like: how you would spend your mornings, what you would work on, who you would spend time with, and what would give you a sense of purpose. Most owners will have far more open time than they expect, and the plan has to fill it in ways that still make them happy.

Write it with your spouse or partner, not alone. Their days change too. Whether you plan to travel, move, start something new or simply be home more, someone else will be living that plan with you.

This stage belongs with you and your own advisors.

Owner Alignment is not work MSEP leads. The decisions in this stage belong with the owner and their own professionals: a CPA or tax advisor for the after-tax picture, a financial or wealth advisor for income needs, an attorney for entity and estate questions, and an exit planner if the owner uses one.

The owners who tend to move through an exit with the fewest surprises are the ones who have these conversations with their family, any business partners and their advisors before they start a sale process, not in the middle of one.

MSEP's role here is narrower and deliberate. MSEP helps the owner see the questions, confirms they are being worked on, and connects the owner with the right professionals. MSEP leads Business Readiness and Transaction Execution, the stages where the business is prepared for buyer review and taken through a confidential market process, when a third-party sale is the path.

What owners often miss

An anchored number is hard to let go of. When the earnings are recast, diligence surfaces something, or a buyer comes back with revised terms, a lower figure can feel like a loss, even when it is a reasonable outcome and accepting it would let the owner move on with their life.

An owner who holds out for a particular number may pass on a sound offer, with no assurance the next one will be as good, or that there will be a next one. Monroe, reflecting on the hundreds of businesses he has sold, puts it plainly: "I have had some business owners tell me the only regret they had was that they didn't sell the business sooner, but none ever regretted selling." That is his observation from his own clients, not a rule.

Snider describes the opposite risk. He recounts an owner who sold for \$42 million, had all the money he needed, and found himself bored at home on a Tuesday morning because he had never planned what came next.

Both stories point to the same gap: deciding without a clear picture of what you need and what you want.

Family and business partners are the people most often left out of these conversations, and they are where many late surprises come from. A spouse may have a different picture of retirement, timing or how much is enough. Adult children may assume the business will be theirs one day, or may want nothing to do with it. A business partner may want to sell on a different timeline, or not at all. These conversations are worth having early and directly, before a buyer is involved. Alignment includes them.

Owners who work through this early tend to make calmer decisions later, because a price is measured against something they already understand.

Clarity before the market.

You do not need a final answer to begin. You need a reasonably clear picture of three things: what you want life to look like after the business, what you need to live on, and what you would realistically keep after taxes, debt, transaction costs, and any escrow or holdback.

Those answers come from you, your family, your CPA and your financial advisor. Once they are in place, questions about the business itself become easier to approach, and [Exit Readiness](#) explains what that next stage involves.

If it would help to talk through where things stand and which professionals to bring in, a private conversation is a reasonable place to start. Preparation does not obligate you to go to market.

Sources

Christopher M. Snider with Scott Snider, *Walking to Destiny: 11 Actions an Owner MUST Take to Rapidly Grow Value & Unlock Wealth*, 2nd ed. (Thinktank Publishing House, 2023).

Terry Monroe, *Hidden Wealth: The Secret To Getting Top Dollar For Your Business* (ForbesBooks, 2020).

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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](#)

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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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