

STELLA AND MAIN

# Exit Readiness Blueprint

*What to Fix First If You're Selling in 1–3 Years*

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Most business owners don't realize there are 5–10 specific issues that can quietly kill a deal or reduce the price by 20–40%. This blueprint shows you which ones apply to your business — and what order to tackle them.

Time matters. The earlier you start, the more options you have.

## PHASE 1

# Foundation

*Months 1–2*

**Get your financials clear.**

Can you show clean profit that matches your tax returns? SBA lenders need to see Seller's Discretionary Earnings (SDE) — what's left after you pay yourself. If your books are a mess, fix that first. Everything else depends on it.

**List your biggest risks.**

Who are your top 3 customers? How much would the business suffer if you disappeared? What are the compliance gaps? These are the issues buyers will find in due diligence — better to know them first.

**Check for tax red flags.**

Back taxes? Unpaid payroll taxes? Liens? Deal with these now — they tank deals or create unfavorable holdbacks later.

**Review your lease (if you have one).**

Does it transfer to a buyer? How many years are left? If there's risk here, flag it early.

## PHASE 2

# Operationalization

*Months 3–4*

**Reduce owner dependency.**

Can the business run without you doing the work? Buyers want to buy a business, not a job. Even small steps — documenting processes, training a manager, removing yourself from daily decisions — move the needle significantly on valuation.

**Document everything.**

Customer contracts, vendor agreements, licensing, insurance, employee handbooks. Buyers need to see the infrastructure exists — not just that you know where it is.

**Prepare your financials package.**

Organized P&Ls, balance sheets, tax returns for 3 years, SDE add-back justification. Make it easy for lenders to say yes.

## PHASE 3

# Positioning

*Months 5–6*

**Build your data room.**

Contracts, financials, compliance docs, operational procedures — organized and accessible. Serious buyers expect this, and having it ready signals professionalism before the first conversation.

**Get an outside perspective.**

A professional valuation or broker conversation gives you realistic pricing. Surprises in the offer stage are expensive.

**Polish your story.**

Why has the business grown? Why is it profitable? What's durable about it? Buyers buy certainty. You're selling the likelihood it will work for them — make that case clearly.

## WATCH LIST

## Red Flags: Stop If You See These

Financials don't match your tax returns — often a sign of structural problems that will surface in due diligence

You spend >80% of your time doing the work — classic owner dependency that buyers and lenders discount heavily

One customer is >30% of revenue — concentration risk that a buyer sees as fragility, not strength

Lease expires in <2 years or landlord approval is uncertain

Unresolved tax issues or compliance gaps — these do not stay hidden

## REALITY CHECK

## What This Actually Takes

The first two months are enough to get deal-ready: clean financials, cleared urgent blockers, documented what you have. The real operational work — reducing owner dependency, stabilizing the business — often takes longer, and that's normal.

*Think of this blueprint in two phases: Deal Readiness in the first stretch, then Operational Depth in the months that follow. The second phase is what separates a good price from a great one.*

The gap nobody fills: Brokers take you to market. CPAs handle taxes. Operators run the business. But nobody sits between those three and asks — *will this deal actually close, and at what price?* That's what this work is about.

This blueprint is a diagnostic tool. Every business is different. The assessment is where we get specific about your situation.

NEXT STEP

# Want to Know Which of These Are Issues in Your Business?

Every business is different. This blueprint shows you the framework — the assessment tells you exactly where you stand, what a buyer will find before they find it, and what to fix first.

## Operational Readiness Snapshot

A focused \$2,500 assessment that maps the specific issues in your business — financial, operational, and structural — so you can go to market with confidence, not surprises.

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