

ICONIC

The Exit Readiness Guide

How to prepare your business for its next era

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INTRODUCTION

Start with your next era

Every owner eventually reaches a next era: retirement, a new venture, more time with family or a bigger platform for growth. Getting there well takes preparation, a real process and an honest view of what your business is worth.

This guide distills what buyers look for and how a professional sale runs, so you can start preparing today, whether your exit is six months or three years away.

Answer these first

- What do I want my life to look like after the sale?
- How much do I need to net from the sale to make that possible?
- How long am I willing to stay on to help the new owner?
- Who else needs a say: a spouse, partners, key employees?

Why start early

The best exits are planned one to three years ahead. That window gives you time to clean up financials, reduce your own role in daily operations and fix the gaps that lower your multiple. Owners who wait until they are burned out often accept less.

STEP ONE

The readiness checklist

Check every statement that is true today. Each unchecked box is a question a buyer or lender will ask.

☐ I have three years of clean financial statements and tax returns that reconcile.

☐ My add backs are documented with receipts or statements.

☐ The business can run for two weeks without me.

☐ I have a capable manager or second in command.

☐ No single customer is more than 20% of revenue.

☐ Revenue and profit have been steady or growing for three years.

☐ Key processes are written down.

☐ My lease can be assigned and has enough term left.

☐ Contracts, licenses and permits are current and transferable.

☐ Equipment is in good working order and listed.

☐ I know what I want my life to look like after the sale.

☐ I have talked with my CPA and wealth advisor about taxes and proceeds.

Scoring. 10 or more: you look well prepared; confirm your value and talk timing. 6 to 9: solid foundation, with a few gaps worth closing first. 5 or fewer: plenty of upside; start preparing 12 to 24 months before a sale.

STEP TWO

Documents to gather

Having these ready shortens due diligence and builds buyer confidence.

Area	What to gather
Financial	Three to five years of tax returns, P&Ls and balance sheets; year to date financials; twelve months of bank statements; AR and AP aging
Customers and sales	Customer concentration list, key contracts, pricing and revenue by product or service line
Operations	Vendor contracts, equipment list, inventory summary, licenses and permits, documented processes
People	Employee roster with roles, tenure and pay; handbook; key employee agreements
Legal and property	Lease and amendments, entity documents, insurance policies, intellectual property, franchise agreement if applicable, litigation disclosure

Confidentiality

Keep the sale need to know. Use a project code name in emails and file names, never leave documents open on shared screens, and share nothing identifying with a buyer who has not signed an NDA.

STEP THREE

What drives value

Most Main Street businesses are valued on Seller's Discretionary Earnings (SDE): net income plus the owner's compensation, interest, depreciation, amortization and documented personal or one time expenses. Larger businesses with management in place are usually valued on EBITDA.

Typical SDE multiples

Industry	Typical SDE multiple
Services	1.5x to 3.0x
Construction and trades	1.5x to 3.0x
Restaurants and retail	1.5x to 2.5x
Healthcare practices	2.0x to 4.0x
Distribution	2.0x to 4.0x
Manufacturing and ecommerce	2.5x to 4.5x
Technology and SaaS	3.0x to 6.0x

General rules of thumb for Main Street businesses, not an appraisal.

What earns the high end

- **Low owner dependence.** The single biggest driver of value.
- **Steady growth** over three years.
- **Recurring revenue** and repeat customers.
- **Diversified customers.** One customer at 30% or more compresses the multiple.
- **Clean books** with provable add backs. Aggressive add backs kill deals.
- **Systems and a capable team** that make the transition easy.

STEP FOUR

The Iconic process

Iconic's process typically runs six to seven months, compared with eleven to twelve for a traditional process, with a published median time to close of 5.2 months.

Stage	Typical time	What happens
1. Company onboarding	About 1 week	Discovery: align on objectives and gather essential data
2. Transaction materials	About 1 month	Financial analysis, normalized earnings, value range, anonymous profile, CIM and data room
3. Marketing and syndication	1 to 2 months	Targeted outreach to individual operators, search funds, family offices, private equity and strategic buyers
4. Buyer engagement	About 1 month	NDAs, buyer qualification and proof of funds, deeper materials
5. LOI selection and diligence	About 1 month	Compare offers side by side; manage due diligence
6. Purchase agreement and closing	About 1 month	Negotiate the agreement, escrow and wire, then transition

Iconic by the numbers

\$2.3B+ in transaction value across the team, 300+ business owners served, 50+ advisors across every major sector, an 850M+ profile database for buyer outreach and 16+ industries of strength. Figures as published by Iconic.

STEP FIVE

How deals are structured

Price is one number; structure is the whole deal. Most Main Street sales are asset sales that combine several components.

Component	Typical range	Notes
Cash at close	70% to 90%	Buyer equity plus, often, an SBA or bank loan
SBA or bank loan	60% to 80%	Common for Main Street deals; lender sets terms
Buyer equity	10% to 20%	SBA deals require at least 10% from the buyer
Seller note	10% to 30%	Paid over time with interest; may be on standby for SBA deals
Earnout	5% to 20%	Tied to future results; use sparingly
Escrow holdback	5% to 15%	Held 12 to 18 months to cover claims

Purchase price allocation affects taxes for both sides. Bring in your CPA early, and an M&A attorney before you sign a letter of intent.

Your next step

Request a free, confidential **Business Saleability Assessment**. I will normalize your earnings, benchmark them against real transactions and walk you through a defensible value range and the gaps worth fixing first.

Book a call: nexterabiz.com/book

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