

Key Family Wealth — Business Advisory Services (BAS)

# Preparing for the Unexpected: 10 Steps to Maximize Your Business's Value Before an Unsolicited Offer

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As the owner of a privately held business, you pour years of hard work, vision, and passion into growing your company. But what happens when an offer to buy arrives unexpectedly? Whether you've considered selling or not, the reality is that many business owners will face this moment at some point. The real question is: Will you be ready?

An unsolicited offer can feel like an opportunity — or a disruption — but the key to navigating it lies in being prepared. In today's fast-paced mergers and acquisitions (M&A) landscape, proactive planning can

give you leverage, whether you pursue the offer or continue growing your business independently. By optimizing your business's financial health, governance and operations, you'll be positioned to make informed, strategic decisions.

In this article, we explore actionable steps to ensure your business is not only ready for an offer but in a stronger position to thrive, regardless of what the future holds. After all, an unsolicited offer may just be the catalyst for your next big move.

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Here are 10 important steps owners of privately held businesses should take to prepare for an unsolicited offer:

## 1. Determine the size of your financial cushion

Evaluate your personal financial needs post-sale before considering any offer. Will the proceeds from the sale be enough to support your lifestyle and future plans? Calculate how much you'll need to secure your financial future and ensure the offer aligns with your goals.

## 2. Determine the range of values for your business

Conduct a thorough valuation of what your business is truly worth. Consider industry trends, market comparables and future growth potential. A realistic valuation ensures you won't undervalue your business when faced with an offer.

## 3. Evaluate how dependent the business is on you

Overly relying on the leadership, expertise or relationships of its owner can lower a business's appeal to potential buyers. Assess the extent of your involvement and begin implementing systems, delegating responsibilities, and building a strong leadership team to make the business less dependent on you.

## 4. Assess your financial and mental readiness

Selling a business is a major financial and emotional decision. Ensure you're mentally and financially ready for the transition. Are you prepared for the lifestyle change? Have you thought about what comes next? A sale should align with both your financial objectives and personal goals. Being fully aware of these implications will make you feel more informed and in control.

## 5. Optimize financial records and reporting

Buyers will scrutinize your financials. Ensure your books are clean, transparent, and up to date. Organize financial reports, profit and loss statements, and tax returns to present a clear picture of your business's financial health. This will boost credibility and increase buyer confidence. Additionally, having audited financial statements can further strengthen your business's credibility in the eyes of potential buyers. Audits provide a higher level of assurance that your financial records are accurate and reliable, which can reduce due diligence time and help build trust with the buyer. By demonstrating financial transparency and governance, audited statements can not only expedite the sale process but also potentially command a higher valuation for your business.

## 6. Strengthen Key customer relationships

Loyal customers can be a major selling point. Evaluate your client base and focus on strengthening key relationships, ensuring contracts are in place, and addressing any customer concentration risks. Buyers will value a business with stable, long-term clients.

## 7. Review and strengthen your operational systems

Robust operational processes increase business efficiency and make it easier for a buyer to step in. Evaluate your operations, identify bottlenecks and ensure your business is scalable and well-documented, which will enhance its attractiveness to potential buyers.

## 8. Minimize risks and address liabilities

Every business has risks, but it's important to address potential liabilities before an offer is on the table. This includes legal, regulatory, and financial risks such as pending lawsuits, compliance issues, and outstanding debts. Buyers expect transparency. Showing that you've addressed risks can ease negotiations.

## 9. Enhance the value of your intellectual property

Intellectual property (IP) can significantly increase a business's value. Ensure all patents, trademarks, copyrights, and trade secrets are legally protected and well-documented. Strong IP protections can differentiate your business and increase its desirability.

## 10. Plan for post-sale life

Consider what life will look like after the sale. Will you be fully exiting, or do you envision remaining involved in the business? Some buyers may want a transition period; others may prefer a clean break. Having a clear post-sale plan helps align your expectations with potential buyers.

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## Key takeaways

Receiving an unsolicited offer for your business can be both exciting and overwhelming. The difference between seizing a great opportunity and leaving value on the table depends on your preparation.

So before confronting this pivotal moment in your business journey, take these steps now:

- Understand your financial goals.
- Secure the right valuation.
- Reduce dependencies.
- Be mentally ready for the transition.

Proactive planning is key, whether you're ready to sell or just curious about the possibilities. Our team specializes in helping business owners like you maximize value and make informed decisions about their future.

Your business is your legacy — let's work together to protect it and create the future you envision.

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For more information, please call your relationship manager.

The Key Family Wealth BAS team is dedicated to providing guidance and support to owners of privately held businesses like you. Specifically, the BAS team helps owners prepare for an eventual business transition with strategies and advice on how to maximize the after-tax value of a business transition.



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