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HOW TO PREPARE YOUR BUSINESS TO BE SOLD

Without Leaving Money on the Table

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Selling your business may be the single largest financial event of your life. For many entrepreneurs, their company represents decades of sacrifice, risk, and hard work. But when it comes time to exit, too many owners leave money on the table—or pay far more in taxes than necessary—because they didn't prepare properly.

The reality is that a successful business sale doesn't happen overnight. Buyers want to see clean financials, stable management, a clear growth story, and an organized transition plan. Taxes should be anticipated well in advance. The difference between proper preparation and last-minute scrambling could mean millions of dollars in after-tax proceeds.

At Frame Wealth Partners, we guide owners through every step of the process: cleaning up books, structuring the sale, building the right advisory team, and making sure your goals are addressed. In this guide, we'll highlight 8 common mistakes owners make when preparing to sell—and how to avoid them.

1 Failing to Plan Early

Why it happens: Owners are so focused on daily operations that long-term planning takes a back seat. Some assume they can put their business on the market and sell within months.

Reality: Buyers usually want to see at least 3 years of stable, documented performance. Without early preparation, you may miss opportunities to increase value, improve operations, or manage tax outcomes.

Example: Imagine a business owner who decides at age 62 that she's ready to retire and sell her company. Because she only starts preparing months before the sale, she misses out on tax strategies and operational changes that could have boosted her business's value and saved millions on taxes.

Frame's Insight: We encourage owners to start exit planning 3–5 years in advance. This creates time to potentially maximize EBITDA, diversify revenue, strengthen leadership, and implement tax strategies.

💡 Thinking about selling in the next 5 years? Let's map out your exit strategy now.

2 Not Knowing What Your Business is Worth

Why it happens: Many owners rely on back-of-the-envelope estimates or industry hearsay.

Reality: Without a professional valuation, you risk underpricing your company or overpricing it and turning off serious buyers. Both cost you money.

Example: What if a tech services firm thought their business was worth $8M, but after a professional valuation they realized it was worth $12M, based on recurring revenue. This insight completely changes their negotiation stance and how they can market the sale of the business
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Frame's Insight: We connect clients with valuation professionals and help interpret the results in the context of long-term personal financial goals.

💡 Curious about your business value? Let's start with a valuation assessment.

3 Mixing Personal and Business Finances

Why it happens: Many owners blur lines by running personal expenses—cars, travel, even family cell phones—through the company.

Reality: While it might reduce taxes in the short term, it creates messy financials that can reduce buyer confidence and lower sale multiples.

Example: What happens if you are a business owner and you had excessive personal expenses categorized as business costs. These are items are called “add backs” and can have a major impact to your selling price. Cleaning up your books can have a significant increase to your adjusted EBITDA, which can lead to a higher purchase price.

Frame's Insight: We help separate personal from business expenses well in advance so the business presents maximum profitability and transparency to buyers.

💡 Need help cleaning up your books? Let's prepare your financials for buyer's eyes.

4 Neglecting Tax Planning

Why it happens: Owners tend to focus on the gross sale price and overlook the after-tax proceeds.

Reality: The structure of the deal (asset vs. stock sale, lump sum vs. installment) and entity type could dramatically change your tax bill. In some cases, taxes could consume 30–40% of proceeds.

Example: What if a business owner selling a software company used an installment sale structure. This type of structure could possibly allow income to be recognized over several years, keeping them in a lower tax bracket and potentially saving them a great deal in taxes.

Frame's Insight: We coordinate with CPAs and attorneys to design tax-efficient exit strategies, including entity restructuring, QSBS eligibility, charitable trusts, and installment sales.

💡 Want to see how much tax savings is possible? Let's review your exit plan together.

5 Not Building a Strong Management Team

Why it happens: Some owners assume buyers only look at financials, not the people running the business.

Reality: Businesses that rely too heavily on the owner can be far less attractive. Buyers tend to want a leadership team that can keep things running after the sale.

Example: Let’s say a marketing agency owner who delegated responsibilities to a strong COO and CFO saw her company’s valuation increase. This is because buyers can see the value of the team and how they could sustain operations.

Frame's Insight: We advise owners on strengthening their management bench and delegating responsibilities years in advance to make the company less owner-dependent.

💡 Is your business too owner-dependent? Let's build a team that adds value to your sale.

6 Overreliance on the Owner

Why it happens: Entrepreneurs often wear many hats and become indispensable to the company.

Reality: Buyers will likely discount businesses where the owner is the rainmaker, top client contact, and primary operator. It can lead to undo risk for the buyer.

Example: What if a professional services firm lost a major buyer when they realized 80% of revenue was tied to the owner's relationships. With the right diversification of client management, the firm could re-enter the market with much stronger interest.

Frame's Insight: We help systematize operations and transition client relationships so the company isn't dependent on one individual.

💡 Ready to reduce your role in day-to-day operations? Let's create a transition plan.

7 Ignoring Deal Structure (Cash vs. Earn-Outs)

Why it happens: Sellers tend to fixate on the top-line sale price without considering payment terms.

Reality: A $10M sale isn't really $10M if half of it depends on hitting future earn-out milestones. Terms can make or break the deal.

Example: Let's say client sold a distribution company for $15M, but $5M was tied to a 3-year earn-out. Careful planning can help ensure the owner has liquidity regardless of the outcome.

Frame's Insight: We help owners evaluate deal terms, considering cash flow, risk, and tax implications—not just the headline number.

💡 Want clarity on deal structures? We'll break down what each option means for your future cash flow.

8 Going It Alone Without Advisors

Why it happens: Some owners try to save money by skipping professional help.

Reality: Negotiating with sophisticated buyers without advisors is like going into court without an attorney—you're likely outmatched. Mistakes here can cost millions.

Example: What if an entrepreneur who sold his company without advisors accepted a deal with hidden tax liabilities and earn-out terms he couldn't meet. With advisors and the appropriate team in place, those issues could have been negotiated away.

Frame's Insight: We assemble and coordinate a team of CPAs, attorneys, bankers, and valuation professionals to preserve your interests and seek to maximize value.

💡 Don't go it alone. Let's build your advisory team before you enter negotiations.

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Key Takeaways

- Start planning your exit 3-5 years in advance.
- Get a professional valuation before negotiations.
- Keep clean, accurate financial statements.
- Tax planning can save millions - don't over look it.
- A strong management team adds measurable value.
- Reduce overreliance on the owner to attract more buyers.
- Understand deal structures - terms are just as important as price.
- Assemble a strong advisory team early; it pays for itself many times over.

About Frame Wealth Partners

At Frame Wealth Partners, we help entrepreneurs, business owners, and families:

- Build tax-efficient investment strategies.
- Create retirement income they won't outlive.
- Preserve their wealth across generations.

You've worked hard to build your wealth. Let us help you preserve it — and grow it — with confidence.

Book Your Complimentary Consultation Here

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