AN OWNER'S GUIDE TO THE NEXT CHAPTER

Prepare thoughtfully. Move forward with a plan.

You have invested years, capital and care in your business. This guide helps you organize the decisions and records behind an ownership transition, whether you are ready to sell or beginning to explore the future.

Begin with the outcome you want.

An exit plan should connect the business, your personal financial priorities and the work you want after closing. Use these prompts to frame a private conversation with your advisors.

Planning question	Your starting point
Timing	What is prompting the conversation, and when would I like my involvement to change?
Financial priorities	What questions should my CPA and wealth advisor help me evaluate before I agree to terms?
Future role	Do I want a defined handoff, continuing involvement, retained real estate or a different next chapter?
People and legacy	What matters to me about employees, customers, family and the business I leave behind?

> **A first conversation can be brief.**
> Your industry, business location, approximate size, role and intended timing are enough to begin. Agree on the information process before sharing detailed records.

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01 / ORGANIZE THE FINANCIAL STORY

Make the earnings supportable.

A useful sale discussion begins with records that explain what happened, what continues and what a new owner must fund or replace.

Prepare	What makes it useful
Historical records	Three years of tax returns, financial statements and balance sheets, with material differences explained.
Current performance	Year-to-date results, a comparison with prior periods, and explanations for unusual gains, losses or margin changes.
Proposed adjustments	A documented schedule of owner benefits and non-recurring expenses. Avoid counting the same expense twice.
Revenue quality	Service or product mix, major-customer concentration, recurring agreements and repeat work identified separately.
Operating cash	Receivables, payables, inventory, customer deposits and open-work obligations, with proposed deal inclusions clearly stated.

The owner's work has an economic cost.

Identify the work you perform and what a buyer would need to do or hire for. Owner-operated companies and management-run companies may require different earnings measures. Revenue alone does not establish transferable cash flow.

Match the review to its purpose.

A broker-level sale discussion can help with readiness and positioning. A formal lending, legal or tax valuation may require a separate engagement with an appropriately qualified professional.

> **Your next step**
> Create one record list and assign responsibility for missing items. Keep tax returns, customer identities and sensitive employee records out of the introductory website form.

02 / TEST READINESS

Understand what can transfer.

The company's value and a workable handoff depend on more than its latest financial period. Review the responsibilities, permissions and premises a buyer needs to keep operating.

Map the dependencies.

List the owner's role in sales, technical delivery, estimating, scheduling, approvals and key relationships. Identify the employees, systems and procedures that can support those responsibilities under a new owner.

Raise the difficult questions early.

Identify ownership and partner approvals, license and permit questions, contract consent issues, financed assets and liens. Review the actual facts with the appropriate advisors before making assumptions about what can continue after closing.

Property choice	Questions to compare
Sell company and building	Can the buyer and financing support both? Are property diligence, inclusions and timing coordinated?
Retain the building	Would a suitable lease work for the buyer? Do the rent, tenant risk and landlord responsibilities fit your next chapter?
Continue in leased space	What term remains? What do the lease, options and landlord requirements mean for the proposed buyer?

> **Your next step**
> Choose the three readiness issues most likely to affect a buyer's ability to close and operate. Establish who can resolve each one and what information is still needed.

PRIORITIES TO DISCUSS

1. _____

2. _____

3. _____

03 / EVALUATE THE PROPOSAL

Look beyond the headline price.

Compare the payment timing, obligations and conditions behind each offer. The same stated price can represent different liquidity and future exposure for the seller.

Hypothetical term	Cash purchase	Partly seller financed
Stated price	$1,000,000	$1,000,000
Price paid at closing	$1,000,000	$800,000
Deferred principal	$0	$200,000
Future repayment exposure	No seller note in this example	Depends on future repayment

Illustration only. Excludes taxes, debt payoffs, transaction costs and interest. Financing and documentation require separate review.

If seller financing is proposed

Review the buyer's operating plan, repayment capacity, note terms, collateral, guarantees and lien priority with your advisors. Coordinate any acquisition lender's requirements before accepting terms. A note does not guarantee repayment.

Tax timing needs separate review. Receiving the price over time does not defer every tax obligation; inventory and depreciation recapture can require sale-year treatment. Ask your CPA to model the actual structure and payment schedule.

Prepare for buyer due diligence.

Organize a coordinated request list covering financial results, customers, key contracts, people, assets, liabilities, occupancy and approvals. Qualify buyers and agree on confidentiality and staged disclosure before sharing detailed records.

> **Your next step**
> Compare cash at closing, deferred or conditional amounts, required involvement and key conditions together. Record unanswered questions before choosing an offer.

04 / PLAN THE HANDOFF

Prepare the people and the process.

Plan who keeps the company operating and what support you are prepared to provide after closing.

Build capacity while you operate.

Document procedures, deadlines and decision responsibilities. Develop delegation and cross-training where appropriate, and identify the work that still depends on your knowledge or relationships.

Coordinate communication deliberately.

Coordinate employee, customer and vendor communication with the relevant parties and advisors. Ask counsel which notice, employment, privacy and contract requirements apply before promising future roles or outcomes.

Define the seller's commitment.

Agree on training, introductions, hours, duration and compensation for ongoing support. A defined handoff should fit both the buyer's operating needs and your next chapter.

Advisor	Questions to bring into the plan
CPA	Records, tax analysis, adjustments and transaction treatment.
Attorney	Rights, agreements, required approvals and transaction documents.
Wealth advisor	Liquidity, future income and concentration of wealth.
Business broker	Readiness, positioning, buyer fit and commercial coordination.

Your next step
Write down the work you want to stop doing and the support you are prepared to provide. Use that distinction when evaluating the proposed handoff.

05 / YOUR WORKING CHECKLIST

Choose your next preparation step.

Check what is ready. Use the remaining items to organize the next conversation; every item does not need to be resolved before you begin.

- ☐ Three years of financial statements and tax returns are organized.
- ☐ Current results and material changes can be explained.
- ☐ Proposed owner-benefit and non-recurring adjustments have support.
- ☐ Ownership interests and required consents are identified.
- ☐ Lease term, options and landlord questions are understood.
- ☐ License, permit and agreement transition questions are identified.
- ☐ Customer, employee and relationship dependencies are understood.
- ☐ Owner responsibilities and potential handoff are documented.
- ☐ Equipment, inventory, debts and proposed inclusions are listed.
- ☐ The plan for any business-owned real estate has been considered.
- ☐ Timing, financial priorities and future involvement are defined.
- ☐ The CPA, attorney and other advisors to involve are identified.

A confidential conversation, at your pace.

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Planning references: SBA: preparing to sell a business; SBA: buying an existing business; IRS Publication 537: installment sales. More guides: forwardbusinessadvisors.com/resources/.

General sale-preparation information, not a formal valuation or legal, tax or investment advice. Review your facts with the appropriate professionals. Business brokerage services through Forward Real Estate Inc., CA DRE #02191088. Luis Carmona, CA DRE #01807958. October 16, 2026.