WHY NOW IS THE RIGHT TIME
TO PREPARE FOR A POSSIBLE SALE

BY KYLE COLEMAN

> **Too many headlines about U.S. trade policy are skewing toward anxiety and outrage. Fewer pose the key question — especially relevant for action-oriented, refuse-to-fail types like you—“what are you going to do about it?”**

Market volatility driven by tariffs, interest rate swings and geopolitical uncertainty has made capital planning harder to forecast and growth feel harder to control. [The Fed’s latest Beige Book] reflects this clearly: Economic activity is flat, but sentiment is tightening. Loan demand is weakening. Expansion plans are being pulled back. And trade-related uncertainty is leading many business leaders to delay major decisions.

But chaos has a way of revealing discipline — or exposing a lack of it, as the case may be. For owners who know when to execute, it can also be a ladder.

This is the time to do what most owners only do when forced to: respond to supplier cost pressure, navigate industry shake-ups and/or handle serious inbound interest from buyers.

So: tighten your financials. Document how your business really runs. Delegate decisions so tasks like these don’t bottleneck around you. These aren’t just “get ready to sell” tasks. They’re the kind of work that makes your business stronger, clearer and more resilient, regardless of your timeline.

Whether you’re considering a sale or simply want more control over the next chapter, now is the time to get ahead. That way, when the moment comes, you’re not reacting — you’re ready to lead.

PLANNING FOR A MORE CERTAIN FUTURE

The thing is, you don't just want your company to be ready. You want it positioned to maximize value and speed to close when the time comes. That starts with understanding what buyers actually care about: not just size or top-line growth, but businesses they can understand, trust and see a clear path forward with. These companies need well-structured numbers that reflect how the business really works and operations that don't fall apart when the owner steps away.

Most valuation dings don't happen during early negotiations. They show up when reporting gaps, undocumented decisions or surprise risks emerge without a clear, well-developed mitigation strategy.

Building your company to run steadily and without needing you to monitor every de minimis move drives better outcomes — whether you're preparing for a sale or simply need to present your business clearly to an outside audience.

> **FMI pro tip:** You can't control how buyers behave, but you can control what they find.

PREPARE FOR A BETTER OUTCOME

Running a business means managing a thousand moving parts at once. From the outside, it's easy to underestimate just how much is competing for an owner's attention. At FMI Capital Advisors, we're hearing from more owners who recognize that now — while the market is somewhat paused — is the right time to focus on foundational work that often gets deferred. And we're actively encouraging others to do the same. Whether the goal is a future sale or just better alignment for the next investor, lender or strategic move, this is the window during which to get ahead.

Starting early gives you options — because you're not scrambling to locate missing contracts or explain years of reporting decisions under deal pressure. You're working on your own timeline, setting the pace and showing the market that your business is organized, resilient and ready for outside scrutiny.

Owners who take the lead in this kind of work don't just move faster when the time comes. They negotiate from a position of strength and avoid the surprises that can derail timelines or chip away at valuation.

According to Deloitte's 2024 M&A Trends Survey, corporate and private equity leaders are increasingly focusing on internal transformations and restructuring to enhance operational efficiency and readiness for future deals. This underscores the value buyers place on businesses that are well-prepared and have strong management teams in place.

Depending on where you are in the preparation process, a three- to nine-month window gives you the space to focus on structural improvements that make your business easier for buyers to understand, evaluate and trust. A few of these enhancements include:

- Structuring your financials for external audiences
- Documenting how the business really runs
- Avoiding "single point of failure" risk

Let's take a closer look at each of these.

1. Structuring your financials for external audiences

Internally optimized financial reporting packages are effective for day-to-day business operations — and they serve that purpose well. But when the audience shifts, so do the expectations.

Whether it's a potential buyer, lender, investor or outside advisor, external audiences are looking for financials they can understand and trust — without needing to be inside the business. Which means that, to start, they need access to well-structured, credible reporting across all four financial statements.

- **Generally accepted accounting principles (GAAP) aligned reporting:** Present your financials in a clean, U.S. GAAP-compliant format so they're ready for the most common performance and diligence calculations — both GAAP and non-GAAP.
- **Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA):** Separate out one-time, nonrecurring and owner-specific costs to highlight the business's true, recurring earnings power.
- **Net working capital:** Track short-term liquidity trends monthly — not just when a buyer asks — so you can confidently defend your working capital benchmark during deal negotiations.
- **Maintenance versus growth capital expenditure:** Break these out to clarify your real free cash flow. If you don't, buyers and lenders will — and they'll usually default to conservative assumptions that reduce value.

Your financials should answer questions before they're asked. Structured well, they not only reduce friction during diligence but also give you — and the people evaluating your business — a clearer view of how it actually performs.

According to the International Business Brokers Association (IBBA) Market Pulse Report, businesses with clean, professionally prepared financials tend to receive higher offers than those with messy or owner-adjusted reporting. In short: financial prep doesn't just speed things up — it pays off.

> **FMI pro tip:** An owner who's well-versed in the business and can speak the financial language both inside and outside the company has more leverage than owners with less acumen.

2. Documenting how the business really runs

Sophisticated buyers and other outside parties who may engage with your company don't just want to know what the business does. They want to understand how it works and whether it's ready to operate in the event of a transition. That's where documentation earns its keep.

You need to know where your key contracts, reporting files and core records live — and make sure they're current. Major cloud drives that are clean, complete and well-organized can host these materials all in one place.

Focus on tightening these areas, which include illustrative (not exhaustive) examples.

- **Corporate and ownership docs:** Cap table, governance materials and equity agreements
- **Financial packages:** Clean financials, reporting schedules and supporting files
- **Operations:** Key workflows, systems, SOPs and internal manuals
- **Sales and marketing:** Contracts, pricing policies, collateral and CRM data
- **Customer agreements:** Signed contracts, pricing terms and renewal structures
- **Vendor and supplier files:** Master service agreements, expiration dates and terms
- **HR and employment records:** Employee census, comp structures and signed agreements

This isn't about organizing your digital junk drawer. It's about making your business easier to understand — and proving it can be transferred cleanly to someone else.

> **FMI pro tip:** A well-documented business not only reduces diligence friction and inspires buyer confidence; it also creates a calmer, more accountable operating environment long before a deal is on the table.

3. Avoiding "single point of failure" risk

You don't need a full C-suite to get ready for a deal. You just need clear ownership across the functions that matter most. Assigning these roles not only makes the business more resilient in a potential sale; it also reduces decision fatigue, builds accountability and gives the business room to grow without you handling every last detail.

These roles likely already exist on your team under different titles. However, when it's unclear who owns what, most decisions default back to the owner. That's where real risk creeps in — both inside the business and in the eyes of a buyer.

Buyers notice when one person makes every financial call, holds all the customer relationships or keeps the company running from memory. That kind of concentration creates exposure, which shows up in valuation, deal structure or, worse, buyer hesitation.

Here's how to assign functional ownership in a practical and effective way:

- **Finance** — This could be your CFO, controller, external CPA or anyone who owns the numbers. They should lead efforts to structure clean financials, calculate EBITDA and track working capital trends. If that horsepower doesn't exist internally, this is the first role to supplement — ideally with someone who understands M&A expectations.
- **Operations** — This person keeps the business running day to day and usually knows the guts of execution in a way that complements your strategic perspective. They're invaluable in buyer conversations — especially when it comes to explaining how things actually work. Paired with a sharp admin, they ensure the operational story is clear, accurate and well-

documented. They're also your best candidate for post-sale continuity if you plan to step back.

- **Admin** — This could be your office manager, executive assistant or the most organized person in the company. They keep the business running behind the scenes — tracking contracts, staying on top of tax filings, maintaining HR records and organizing your cloud drive so everything is easy to find. They're often the quiet force that makes the business look buttoned up and keeps diligence running smoothly.

> **FMI pro tip:** Assign names to these roles now—even if the titles don't match. Remember, preparation isn't about hierarchy or org charts; it's about running the business with clarity and accountability. The clearer the ownership, the easier it is to prove your business can run without being rebuilt.

BRING IN A SPARRING PARTNER, NOT A CLEANUP CREW

Once your internal prep is underway, the next smart move isn't waiting until you're "ready" — it's bringing in someone who can help you evaluate what you've built in a neutral, behind-the-scenes setting.

In addition to documenting your business, the right owner will help frame your strengths to align with how buyers think, surface the risks worth mitigating and assess how your business stands up under real deal conditions — before you're actually in one.

A strong outside advisor helps you:

- Apply buyer logic and deal norms to test your current positioning.
- Take control of the narrative while there's still time to shape it.
- Identify blind spots that internal teams may overlook.
- Bridge the gap between where you are today and what the market expects.

> **FMI pro tip:** The best time to bring someone in isn't when everything feels buttoned up. It's when you're about 60-70% there. That's when perspective has the most impact—and when the right tweaks can still shape the outcome.

CONCLUSION

The market is noisy right now, and that's precisely why prep matters. Disruption reveals who's operating with discipline and who's playing catch-up. The owners taking the time to tighten their numbers, document how the business runs and delegate what used to sit on their desks aren't just preparing for a sale — they're making their company stronger and easier to run.

Whether you sell within the next 12 months or stick around for the next decade, the work you do now gives you more control, more clarity and more leverage when it counts. None of it goes to waste.

For business owners considering their next strategic move and how best to position their companies for success, FMI offers focused, experience-driven conversations. We encourage you to reach out — our team is here to help you think through your options and move forward with confidence.

AUTHOR

KYLE COLEMAN is a director with FMI Capital Advisors and is responsible for executing merger and acquisition advisory engagements for a variety of companies across the energy and industrial services space.

He helps clients execute an efficient and effective purchase or sale process, which includes planning and preparation, marketing, due diligence, negotiations and documentation with a focus on optimizing value, terms and strategic fit to increase certainty of transactions successfully closing.

Kyle began his career at Barclays Corporate and Investment Bank, a division of London-based Barclays PLC. More recently, he worked as an investment banking associate at Goldman Sachs where he advised clients on various initiatives, including strategic acquisitions.

Kyle can be reached at Kyle.Coleman@fmicorp.com.

CONTACT US

RALEIGH HEADQUARTERS
223 S. West Street
Suite 1200
Raleigh, NC 27603

919.787.8400

OFFICES

Denver
44 Cook Street
Suite 900
Denver, CO 80206
303.377.4740

Houston
1301 McKinney Street
Suite 2000
Houston, TX 77010
713.936.5400

FMI is a leading consulting and investment banking firm dedicated to serving companies working within the built environment. Our professionals are industry insiders who understand your operating environment, challenges and opportunities. FMI's sector expertise and broad range of solutions help our clients discover value drivers, build resilient teams, streamline operations, grow with confidence and sell with optimal results.

FMICORP.COM