APEX
CAPITAL ADVISORS

How To Get Your Company Ready For A Sale

A Practical, No-Nonsense Guide for Founders & Business Owners



Executive Summary

Most founders sell a business once. Professional buyers do it repeatedly—often dozens of times. That imbalance is the single biggest reason why preparation matters and why many sellers leave money on the table. Optimal outcomes in mergers and acquisitions are rarely determined by timing or luck. They are shaped years in advance by the decisions founders make while they are still focused on building and operating the business.

This book is designed as a practical, educational guide for owners and entrepreneurs who want to understand how buyers really think, how value is actually created, and why some companies command premium outcomes while others struggle to close transactions or see deals fall apart late in the process. It is not a checklist, and it is not a marketing piece. It is a field guide grounded in what experienced buyers consistently reward—and penalize—in real transactions.

Whether a transaction is twelve months away or much further down the line, running a company with an eventual exit mindset forces discipline, clarity, and resilience. Businesses that are exit-ready tend to be better businesses overall: more profitable, less fragile, and less dependent on any one individual. This guide walks through how to build that readiness deliberately, intelligently, and without unnecessary disruption to day-to-day operations.

Introduction

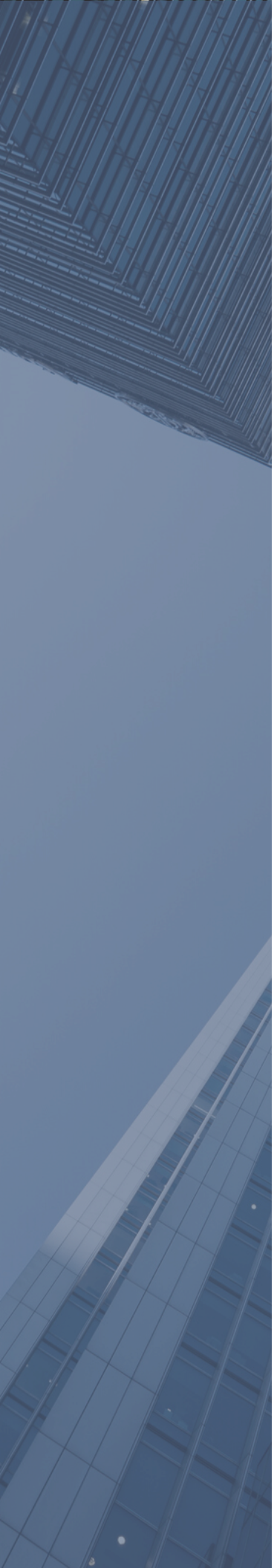
Exit Planning Is Not An Event — It Is A Process & Mindset

Most founders do not plan to sell their business at a specific moment in time. Instead, the decision often emerges from circumstance: burnout, health issues, unsolicited buyer interest, a shift in the market, a personal event, or the realization that personal risk tolerance has changed. The problem is that by the time one of those moments arrives, the opportunity to prepare has largely passed.

Buyers pay premiums for businesses that feel predictable, scalable, and professionally run. They discount businesses that appear overly founder-dependent, not process driven, or reactive. Exit planning, therefore, is not about selling. It is about optionality and creating a process—putting yourself in a position where you can choose if, when, and how you transact, rather than being forced into a decision by circumstance and ultimately failing to optimize value.

Founders who wait until a buyer appears are negotiating under pressure and are at a distinct disadvantage. Founders who plan early negotiate from strength. That difference shows up not only in valuation, but also in favourable deal structure, certainty of close, post-closing obligations, and meeting the personal objectives of the seller





Chapter 1:

Defining What You Actually Want From a Sale

Every successful exit begins with clarity. Before thinking about valuation, buyers, or market conditions, founders must understand their own personal objectives. A transaction that looks attractive on paper can still feel deeply disappointing if it does not align with personal, financial, and lifestyle goals.

The first decision is structural. Do you want to sell 100 percent of the business, a minority stake, or complete a majority recap that allows you to de-risk personally by taking chips off the table.? Each option has different implications for control, risk, upside, governance, and time commitment. There is no universally correct answer—but there are many misaligned ones.

Founders also need to be honest about their willingness to remain involved post-transaction. Many buyers—particularly private equity firms and strategic acquirers purchasing founder-led businesses—expect a lengthy transition period or longer-term engagement. If your primary motivation is a relatively quick departure from the business, that expectation must be reconciled early, not during late-stage negotiations and the seller and their advisors need to be up front about that. A well-prepared seller can architect their own exit horizon, and the deal can often be structured to accommodate the seller's personal timeline.

Legacy considerations matter more than many founders initially admit. Some owners care deeply about what happens to their employees, customers, and brand.



Others are primarily focused on economics. Neither approach is wrong, but ambiguity creates friction. Buyers sense uncertainty quickly, and it weakens negotiating leverage.

Clarity around non-negotiables—control, cash at close, seller financing, role post-sale, and legacy—allows advisors to design a process that attracts the right buyers, filters out poor fits, and avoids wasted time. Sellers also must be aware that deal structure is often just as important as enterprise value, so they need to align the deal structure with their personal objectives. Cash is usually king and there is risk involved in having a multi-year seller note or earnout. Sellers need to figure out early whether their primary financial objective is to get the highest enterprise value for their business (even if this involves staying involved with the business for several years) or whether their objective is to get the most cash up front with little risk but less upside.

Chapter 2:

Assembling an Exit Team That Actually Adds Value

Operating a business and selling a business require fundamentally different skills. Attempting to manage an M&A process internally while running day-to-day operations almost always leads to distraction, slower execution, and weaker financial outcomes. Sellers that try and run a process utilizing only internal resources either do a disservice to the M & A process or see their business suffer deteriorating performance which ultimately puts any deal at risk.



A proper exit team typically includes an experienced M&A advisor, an M&A-focused lawyer, accountants familiar with transaction-level diligence, tax advisors, and often a wealth management professional. In many cases, a fractional CFO plays a critical role well before a transaction by improving reporting quality, financial rigour, forecasting discipline, and financial storytelling.

An independent M&A advisor provides critical objectivity. They understand how buyers evaluate risk, what is considered “market” in deal terms, and where negotiations typically break down. More importantly, they protect founders from making emotional decisions under pressure, serve as a buffer between the seller and buyer and allow management to remain focused on operating performance. M & A advisors can also have frank discussions with the buyer or their advisors that the seller cannot have directly which often helps to facilitate a transaction.

Similarly, there is great benefit in having an experienced M & A lawyer on your team and not just a generalist corporate commercial lawyer. M & A transactions are very complex and require someone who deals with these issues every day. A good M & A lawyer can help to expedite the legal process, keep legal costs in check and streamline legal due diligence which is important as time is the ultimate enemy in any transaction.

Engaging advisors early is not about starting a sale process. It is about preparation. Strong advisors help identify issues that could derail a future transaction and guide founders on which improvements materially impact value and which do not. Not every imperfection needs to be fixed; knowing the difference comes from experience.



Chapter 3:

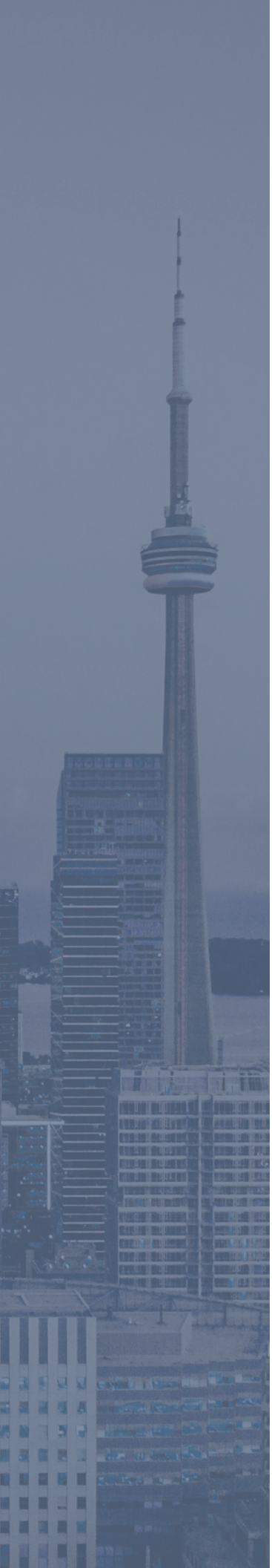
Financial Discipline, EBITDA Reality, & Buyer Trust

Financial credibility is the foundation of any transaction. Buyers do not expect perfection, but they do expect clarity, consistency, and transparency. Messy financials create doubt, slow diligence, and almost always result in valuation pressure or onerous deal terms.

At a minimum, businesses should have clean financial statements for the prior three years (and preferably 5 years) prepared under accrual-based accounting and ideally supported by a review engagement. Cash-based accounting introduces uncertainty and often forces restatements that work against the seller in both timing and leverage.

Normalizing EBITDA is a critical exercise. Buyers want to understand the true earnings power of the business, not a version distorted by personal expenses, one-time anomalous costs or events, or discretionary items. This process must be thoughtful, well-documented, and defensible. Aggressive or poorly supported “add-backs” to EBITDA undermine credibility immediately.This is where an experienced M & A advisor along with a strong CFO can become invaluable.

The balance sheet matters more than many founders realize. Dead receivables, obsolete inventory, unclear working capital requirements, and shareholder or related company loans all become negotiation points late in the process. Cleaning these items up early avoids value erosion and time delays when leverage shifts to the buyer.



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Forward-looking discipline is equally important. Buyers want to see a robust budgeting process, 3-year forecasts, and financial models that demonstrate management understands the key drivers of the business. Projections do not need to be aggressive; they need to be realistic, internally consistent, and supported by historical performance. This especially true in high growth companies, tech companies and companies that haven't realized their full potential due to constrained financial resources. If you want the valuation to reflect the "potential" of the business, then you need to paint a strong "growth" picture based on an intelligent growth strategy and data driven assumptions.

Chapter 4:

Building a Growth Story Buyers Can Believe

Valuation is primarily driven by future potential, not just historical results. Buyers pay premiums for growth they believe in and discount growth they do not.

A credible growth story begins with market understanding. Founders should be able to articulate industry dynamics, growth rates, competitive positioning, and where their business sits within that landscape. A company operating in a growing market with room to scale or displace others will always command more interest than one operating in a stagnant or declining sector. You also need to be able to define what your competitive advantage or “moat” is so that your market position cannot be easily displaced. This doesn’t have to be some disruptive technology or market exclusivity but whatever your “secret sauce” is to your success needs to be well articulated.

Growth strategies must be specific, executable, and grounded in reality. New geographies, new products, pricing strategies, revenue streams, partnerships, or distribution channels should be clearly linked to operational capabilities, capital requirements, and financial forecasts. Vague ambition without execution history invites skepticism.

Critically, strategy and numbers must align. Forecasts that are disconnected from operational reality erode trust. Buyers spend significant time stress-testing assumptions, and inconsistencies are remembered long after first impressions. The more data driven you are, the more defensible your growth assumptions will be. Strong growth narratives are not built at the last minute. They are developed over time through consistent execution, disciplined measurement, and a clear strategic roadmap.



Chapter 5:

Legal, Structural, and Operational Hygiene

Legal and operational organization sends a powerful signal to buyers about how the business is run. Sloppiness suggests hidden risk, even when none exists.

Founders should ensure shareholder agreements, minute books, employment contracts, non-disclosure agreements, non-competes and intellectual property assignments are current and enforceable. Cap tables should be simplified where possible, and unnecessary holding companies or subsidiaries eliminated.We often see companies that have numerous classes of shares with a complex share structure which just becomes unnecessary noise for a buyer and additional work for your lawyer.

Personal tax planning must begin early. Many strategies —such as family trusts, share reorganizations, and estate planning—require years, not months, to be effective. Waiting too long can materially reduce after-tax proceeds.

Disputes, contingent liabilities, and contractual constraints should be addressed proactively. Buyers will inevitably uncover issues during diligence so don't try and hide things as you will lose credibility when they get discovered. Controlling the narrative is always preferable to reacting under pressure.You will ultimately be giving representations and warranties on things like no impending or threatened litigation, potential liabilities and undisclosed risks so you are far better to head these off at the pass rather than trying to deal with them during a transaction.

Chapter 6:

De-Risking the Business to Protect Valuation

Risk reduction is one of the most under appreciated—and most powerful—value drivers in M&A. Buyers apply discounts, sometimes severe ones, to businesses that appear fragile or overly dependent on a small number of variables.

Customer concentration is a common concern. Heavy reliance on one or two customers introduces uncertainty that buyers discount aggressively. Ideally you don't want more than 50% of your revenues dependent on a small handful of customers. Diversification in customers de-risks the business. Similarly, some buyers are wary of supplier concentration. If for example, you are a software integrator and reseller and 100% of your business is dependent on one supplier, the entire business is at risk if that supplier goes under or decides to change horses in your territory. Again, supplier diversification de-risks the business.

High churn, particularly if unexplained or trending upward, raises immediate red flags. Buyers look for scalable, repeatable, predictable businesses so long customer tenure (which is a proxy for happy customers that see great value in your product or service offering) and low churn is a key metric buyers focus on.

Recurring or reoccurring revenue models materially improve predictability and business valuation. This is why subscription-based SaaS businesses with true recurring revenue trade at higher multiples than project-based businesses with volatile cash flows and long sales cycles. Businesses with "re-occurring" revenues (i.e. revenues that re-occur periodically with no automatic renewals or commitments) will trade somewhere in between recurring revenue businesses and project-based businesses.

Operational processes should be documented and repeatable. Businesses that rely on tribal knowledge or founder heroics struggle to command premiums. Standard operating procedures, onboarding playbooks, and delivery frameworks demonstrate scalability and institutional maturity.

They also make the business more “independent” of the founder making an early exit for the founder easier to negotiate.

Management succession planning is not optional. Buyers pay more for businesses that can operate independently of the founder. Making yourself less critical to day-to-day operations increases value, even if you plan to stay involved post-transaction. Ideally you should have a layer of management beneath the founder that can run the business day to day. The founder should be focused on strategic activities and be working “on the business” rather than “in the business”. Companies where every key decision runs through the founder will trade at a significant discount to ones where the founder is not critical to day-to-day operation.





Chapter 7:

Understanding Buyers & Positioning Accordingly

Different buyers value different things. Strategic acquirers may pay a premium for things of strategic value like proprietary technology, new geographies, or unique sales channels but often move slowly and can face internal politics or “not invented here” syndrome. Financial buyers such as PE firms or family offices are professional buyers and can move faster and typically have a well-defined streamlined process. However, financial buyers often don’t “get” your full strategic value and growth opportunities like a strategic buyer would and focus heavily on cash flow durability, risk mitigation, and exit potential. One is not necessarily better than the other, so you need to make sure you are clear on what your objectives are for a transaction and then align the selling process to the ideal buyer profile.

Positioning your business for the right buyer begins years in advance. Aligning product strategy, technology architecture, revenue streams and distribution channels with “ideal” potential acquirers increases strategic relevance and perceived value. The objective is not to appeal to everyone. It is to be highly valuable to a defined group of buyers who see your business as solving a specific problem or accelerating a specific strategic objective.

Chapter 8:

Turning Exit Readiness Into a Strategic Plan

Exit readiness does not happen accidentally. Founders serious about optionality and optimizing value should define a time horizon (whether that is 12 months or 5 years) and work backwards, identifying major deficiencies, key initiatives, internal “owners”, timelines, and measurable outcomes.You also need to ensure that you have adequate resources at the table and may need to engage outside help early like a fractional CFO or strategic M & A advisor.

This plan should be treated like any other strategic initiative: tracked, measured, and adjusted as conditions change. Progress should be reviewed quarterly at a minimum with a full annual review and recalibration.

The goal is not to “time” the market as there is no point in selling into a strong market if the business is not exit ready. Strong, scalable, high growth potential businesses attract buyers in all environments so just build a great business and the exit will come. The objective is to build something resilient, credible, and well-positioned—so when an opportunity presents itself or you are just “ready” to exit, you can act with confidence.

Closing Perspective

Exit planning is not about selling. It is about building a better business. Companies that are exit-ready are typically more profitable, more durable, and more valuable regardless of whether a transaction ultimately occurs.

The best exits are rarely rushed. They are prepared patiently, executed deliberately, and negotiated from a position of strength. The work begins long before the first serious conversation with a buyer.

About Apex Capital Advisors

Apex Capital Advisors is a Canadian boutique M&A advisory firm focused on advising founders and owner-operators in the lower mid-market. The firm works primarily with technology, industrial, and B2B business services companies helping with growth capital, sell-side or buy-side engagements.

Apex was founded on a simple belief: founders are best advised by people who understand the realities of building and operating a business like theirs and not just the financial side of a business. Each of Apex's professionals bring direct operational experience as founders, entrepreneurs, and operators, allowing them to approach M&A with a practical, commercially grounded perspective. The Apex team has been directly involved in over $1.2B in transactions across Canada and the U.S.

For more information, visit
www.apexcapitaladvisors.ca