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## 10 Steps Every Company Should Take Now to Prepare for Transition

*(Even if transition is years away)*

courtesy of Robert McCormack, Murphy McCormack Capital Advisors

### 1. Obtain a Business Valuation

Start with Fair Market Value and a hypothetical buyer

### 2. Make the Owner Expendable

Are you key to revenue generation? Establish a plan to develop others or hire others to diversify

### 3. Prepare Quality Financial Reporting

Hire experienced CPA who understands business transitions, taxes and has credibility with financial institutions

### 4. Tighten Up Internal Reporting

Develop an internal scorecard with key performance indicators, such as EBITDA, EBIT, Gross Profit Margins, EBITDA margins

### 5. Articulate a Growth Strategy

Buyers use historical performance to buy the opportunity for the future

### 6. Reduce Customer Concentrations

Diversify revenue among customers. One or two customers accounting for 40% of revenue is significant risk

### 7. Know Your Working Capital

Working capital is the lifeblood of the cash flow of the company

### 8. Review Capital Expenditures

Be careful of the tax tail wagging the dog

### 9. Make a Great First Impression

Well-organized facility is indicative of an effective management team and efficient overall operation

### 10. Gather a Quality Advisory Team

Build a deal team in advance. It may include:

- Corporate Attorney
- M&A Attorney
- Certified Public Accountant
- M&A Certified Public Accountant
- Investment Banker
- Wealth Planning Advisor
- Valuation firm (may be one of the above)

**Schedule a Business Owner Readiness Assessment Today.** It will give you a clearer picture of where you are on your path to readiness. And it's free! [Click here](#) or call **484.765.9100**