PACIFIC POINT WEALTH MANAGEMENT

The Owner's Guide to Selling Your Business

What it's worth. How to keep more of it.
And how to turn the sale into a life you don't have to work for.

A fiduciary field guide for business owners, before, during, and after the sale.

(619) 391-3859 · pacificpointwealthmanagement.com

INTRODUCTION

Your Business Is Your Retirement Plan

For most owners, the business is the single largest asset they'll ever own, and the one they've thought about selling the least. You know your industry cold. But selling a business is a different game, played once, with rules most owners only learn on the way out.

This guide walks you through the three phases of a sale that actually determine what you walk away with: **what it's worth, how to keep more of it, and what it leaves you with.** It won't make you an expert. It will make you a far better-prepared seller, and show you where a fiduciary earns their keep.

The one idea that matters most

The number you sell for matters far less than the number you keep. Two owners can sell identical businesses for the same price and walk away with wildly different outcomes, because one planned the taxes and the after-sale money, and one didn't.

THE FRAMEWORK

Before · During · After

Most owners call an advisor when a buyer is already at the table. That's the most expensive time to start. Here's how the work breaks down:

1. Before the Sale, Build the Value, Plan the Exit

This is where the most money is made or lost, often years before a deal. The goals: understand your valuation, make the business less dependent on you, clean up the books, and structure your entity so the eventual sale is tax-efficient.

- Get an honest, educational estimate of value, and what drives it.
- Reduce owner-dependence: document systems, build a second-in-command.
- Clean, buyer-ready financials, disorganized books quietly shrink offers.
- Diversify customer concentration so one client leaving can't sink the deal.

2. During the Sale, Structure and Negotiate From Clarity

When offers arrive, the headline price is only part of the story. Deal structure, asset sale vs. stock sale, earn-outs, allocation, timing, changes your after-tax result dramatically. A fiduciary models what each offer actually leaves you with, so you negotiate from numbers, not hope.

3. After the Sale, Turn a Windfall Into a Life

The wire hits your account. Now what? This is the phase owners underplan the most. A large, one-time sum has to become durable, tax-aware income, allocated to your goals, so the sale funds the retirement you pictured, not a scramble.

PART ONE

What's It Worth?

Buyers don't pay for revenue, they pay for **predictable profit they can keep after you leave.** Two numbers dominate the conversation:

SDE vs. EBITDA

SDE (Seller's Discretionary Earnings) is used for smaller, owner-operated businesses, it adds your salary and perks back to profit, showing the total benefit to a single owner-operator. **EBITDA** (earnings before interest, taxes, depreciation, and amortization) is used for larger businesses run by a management team. Knowing which one applies to you sets realistic expectations.

Value is usually a **multiple** of one of those numbers. The multiple rises when risk falls, which is why the 'before' work matters so much.

What Drives the Multiple Up

- Recurring revenue and a diversified customer base.
- A business that runs without the owner in every decision.
- Clean, reviewed financials a buyer can trust.
- Documented systems, a capable team, and growth runway.

Value killers to fix early

Owner-dependence, one customer that's a huge share of revenue, messy or commingled books, and no documented processes. Each one lowers your multiple, and every one is fixable with enough runway.

PART TWO

Keeping More of the Sale

This is where planning pays for itself many times over. We don't give tax advice or file returns, we quarterback the financial plan around them, working with your CPA and attorney.

Asset Sale vs. Stock Sale

Buyers usually prefer an **asset sale** (they get a stepped-up basis and less liability). Sellers often prefer a **stock sale** (typically simpler capital-gains treatment). Where you land, and how the price is allocated across asset classes, directly changes your tax bill. This is negotiable, and it's worth negotiating.

Timing, Structure, and Proceeds

- Deal timing can shift a sale across tax years and brackets.
- Earn-outs and installment sales can spread income, and risk.
- Entity structure set up years earlier changes what's owed at closing.
- How proceeds are received shapes what you can do with them next.

PART THREE

What It Leaves You With

A sale converts a lifetime of work into a single number on a screen. The job now is to make that number **last**, and, ideally, to make it mean you never have to work again unless you want to.

From Windfall to Income

A durable plan turns the proceeds into tax-aware income: an asset allocation matched to your goals and comfort with risk, a withdrawal strategy, and coordination with Social Security, Medicare, and required distributions. The aim is confidence, seeing, on paper, that the money supports the life you pictured.

- Diversify out of a single concentrated asset (your old business).
- Build tax-aware income you can live on without going back to work.
- Coordinate the sale year with your broader tax picture.
- Plan your estate so what's left passes the way you intend.

YOUR NEXT STEP

The 6-Point Exit-Readiness Check

Answer honestly. Every 'not yet' is an opportunity to add value before you sell.

✓ I have a realistic timeline for when I want to exit.

✓ The business can run for 60 days without me.

✓ My books are clean and could be handed to a buyer today.

✓ No single customer would take most of my revenue if they left.

- ✓ I have a grounded sense of what the business is worth.
- ✓ I know what I'll do, and how I'll live, after the sale.

Want the full picture? Take the free **Exit-Readiness Quiz** and try the **Valuation Calculator** at pacificpointwealthmanagement.com.

Talk to a Fiduciary Who Plans All Three Phases

Pacific Point Wealth Management helps California & Nevada owners understand what their business is worth, keep more of the sale, and turn the proceeds into lasting income, working alongside your CPA and attorney.

Book a free intro call: **(619) 391-3859** · pacificpointwealthmanagement.com

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