RICH IN THOUGHT

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SELL YOUR BUSINESS FOR MORE

A service business owner's guide
to preparing for a stronger sale.

BY RICH TURNER · RICH IN THOUGHT · KALISPELL, MONTANA

A NOTE FROM RICH

Our gift to you.

After years of helping owners sell their service businesses, we captured what we hope will give you the tools to sell yours for its maximum value. Inside are the questions a buyer will ask, a quick self-assessment of how your business performs against them, the four disciplines that raise your value, how the sale unfolds, and what to do in the next 90 days. Consider it our gift to you.

WHAT IS INSIDE

Have you thought about what comes next?

You are the proud owner of a reputable service business, and maybe you are looking to sell it within the next five years. Perhaps your son or daughter does not want the business, so you decide to sell it, but you do not know the next steps. How do you take it to market? How do you maximize the value of your business? What does the sale process even look like? How do you find buyers?

We go through all of that in the next few pages. Before any of it, though, it helps to know what a buyer is looking for. The first question a buyer asks is:

How well does your business run without you?

Picture a heating and plumbing business in the Flathead Valley being listed for sale. The listing includes two trucks, one shop, and a phone number half the valley knows by heart. The owner prices every job. He answers the phone when he is not upside down under a house and returns calls once each week as he is able, but his voicemail typically stays full. He orders the parts, and he looks over the work before the truck leaves, regardless of the job. His crew is probably the best crew he has had in the last three years. His books get done once each year for tax purposes. He realizes he needs to begin an exit plan, so he starts by reaching out to a broker, who lists his business.

An interested party reaches out to request more information. The buyer's accountant asks for the monthly numbers and last year's tax return, in addition to a rate card, the written price for every service, and then performance breakdowns, including gross profit per job, number of jobs per month, revenue per employee, and so on. The owner is too busy to produce the numbers, and the broker does not have access to the information.

The buyer realizes the owner does not have a CRM when he is jokingly told that the customer list lives on the seller's phone. The owner has few documented SOPs, rate cards, systems, or processes, because the business depends on him for nearly everything, and he has little time to develop the things that make a business sellable. The buyer then concludes that the business in which 80 to 90 percent of the owner's net worth is tied up is effectively worthless, and passes on buying the business.

That story is all too common.

The owner, with a business that is not attractive in the marketplace and little time to make it attractive, works two to three more years before dissolving the business he poured his life into for the last 20 to 30 years. All he was able to sell the business for was the discounted value of the sum of its assets. The two trucks sold at a discount. The tools sold at a discount. That was it. A staple in the community, a hugely valuable service to the community, could have sold for multiples on its profitability, and instead, because little time was given to preparing it for exit, it quietly closed its doors.

We do not want it to be yours. We wrote this guide so that you can begin preparing your business for a lucrative sale and set yourself up for the next stage in life.

> **A buyer is attracted to a business that runs just as well (or better) without you.**

A buyer looks for profit the buyer can verify, customers who keep calling, people who stay, and a way of doing the work that survives your absence. Shore up those four so they run without you, and you have what a buyer calls transferable enterprise value. Building them takes longer than the sale itself. Transworld Business Advisors reports about 10 months from listing to closing in 2025 for businesses listed between $1 million and $2 million, while clean books, a trained second-in-command, and customers under recurring agreement take two to three years to build. That is why we encourage you to begin preparing your business two or three years before you intend to sell it.

> **START HERE**
>
> Get a valuation for your business so you understand its transferable enterprise value. Remember, 80 to 90 percent of your net worth may be dependent upon this valuation. Make sure the valuation includes a potential value as well, so you can map a plan to achieve that maximum valuation within the next three to five years.

Write the answers down before a buyer calls.

Every buyer we have sat across from asks about the same things, and the owners who sell for more answer each one with a record.

1

Earnings

Can I verify the profit? A full schedule is a claim. Clean books for 12 months, with the personal truck and the family expenses taken out, are proof.

2

Product

Will customers keep needing this work, and could they buy the same work cheaper from the next truck? You answer the first with a named service and written steps, and the second with customers who ask for your business by name.

3

Customers

What happens if your largest account leaves? A buyer will identify your largest customers and find out how much of your revenue each one represents, which the trade calls customer concentration. One customer above 15 to 20 percent of your revenue is a red flag.

4

Market

Why do customers choose you, and why do they keep choosing you? A new competitor with a bigger advertising budget can test that answer.

5

People

Who runs the day when you are gone? A buyer needs to see a second-in-command and crew leads who own their checklists.

6

Systems

Have you written down how the work gets done? When you keep the prices, the job steps, and the customer history in your head, a buyer offers less or walks.

A buyer who finds a gap in any one of these offers less for all of them. VITAL Exit, our valuation instrument, scores the same areas so you see the gaps before a buyer does.

THE SELL READINESS ASSESSMENT

How does your business perform?

How many of these can you check off?

- [ ] Could you take four weeks off without a job call reaching you?
- [ ] Can someone else price a job and land inside your margin?
- [ ] Are the books closed by the 15th of the following month, with personal spending removed?
- [ ] Is your recurring work under written agreement, in the name of the business?
- [ ] Does the crew work from written checklists?
- [ ] Do you know last month's gross margin, the money left after wages and materials, without opening a drawer?
- [ ] Do customers call the business number?
- [ ] Is there a second person who can open, run, and close a full week?
- [ ] Do you send the invoice the day the job closes?
- [ ] Could a stranger verify your last year from the records alone?

8 to 10

You built a business. Keep the books current and train the next leader.

4 to 7

Focus on the four disciplines one at a time. Bring stability to the business.

0 to 3

You are the business. Start writing down your processes, expectations, and day-to-day tasks, and identify who can take over what in the 90-day plan.

Pick one service and write it down.

We teach four operating disciplines. Each one earns you more profit and wins back hours in your week.

1 Sell one service

Write down every service you sell. For each one, ask yourself three questions. Do customers value this enough to pay a good price? Can I teach someone else to do this well? Will customers need to buy this again? Look for the service that earns three yes answers, and combine two or three services into one package if that is what it takes.

Take a yard care business. The owner designs gardens, removes trees, mows lawns, and takes whatever else a customer requests. The owner designs every garden himself. The crew can do weekly mowing, trimming, and cleanup from clear steps and a final check, and every customer needs that work all season. Build the business around that service.

Give the service a name, one price, and a short description of what the customer gets. Then write the steps in order, with a photo where a photo helps and a sample of finished work that shows a new hire the standard. Hand the steps to someone and step back. Where did they stop and ask? What did you skip? You spent years learning what now feels obvious, and a new hire learns it in one week from your written steps.

Hand the steps to someone hired last month and see whether they get your result. Anything short of that is a note, and a note leaves with you.

> **START HERE**
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> List your services and pick one to test. Write the steps for one job, then have an employee run a job from your steps while you watch.

Get paid up front, and let someone else sell.

2 Cash first

Picture a Friday in July. Your crew finished a $5,000 job last week, the customer has 30 days to pay, and the $3,000 in wages, fuel, and materials for that job left your account before the crew rolled. With five jobs like that, $15,000 of your cash sits in other people's projects. You look successful with a full schedule until somebody opens the bank account.

Charge for the service before you do all the work. Some customers will pay in full when the price, the scope, and the finish date are clear. Others will agree to a deposit. Ask on the next quote and listen to the answer, because you learn more from one conversation than from a month of guessing.

Before any sale, deposits pay for the work as the work gets done. At the sale, a buyer needs cash to buy the business and cash to run the business, and deposits lower the second number. A buyer needs less capital to buy a business paid in advance, and buyers pay more for that reason. Keep a record of the work you still owe, because money paid in advance covers the cost of finishing the job.

> **START HERE**
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> Pull your last five jobs. Write down the day you paid the costs and the day the customer paid you. Set terms that close that gap on the next quote.

3 Someone else sells

Your crew can do great work without you. If every new customer still comes through you, the buyer will tie part of the price to you staying on for two or three more years.

A named service is easier to sell than a custom one. The person selling the service needs to know who needs it, what it includes, what it costs, and how to answer the questions customers ask before they buy. In a service business that person may be a dedicated salesperson or the service manager who quotes from the rate card. Ask one question of either person. Can they sell the service as written, or do they add extras to win the job?

Two salespeople beat one, where the business can afford them, because a buyer wants to see a process that a second hire can repeat. Expect some customers to ask for you at first. Introduce the new person, explain what they can handle, and then let them handle it. When a customer asks something they cannot answer, help them prepare for that question next time.

> **START HERE**
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> List the questions customers ask before buying. Give your salesperson the answers, the prices, and the terms they can approve without calling you.

Stop taking the extra job.

4 Exceptions

A good customer calls and wants one small extra job. You know how to do the work, you could use the money, and saying yes is easier than explaining why the business stopped taking that kind of job. Then the crew needs new directions and falls behind, and you spend Saturday finishing the job because nobody else knows how. The customer got the extra work, and you lost another weekend.

Ask yourself why you said yes so easily. Maybe nobody else could do the job. Maybe you said yes to protect a relationship, a reputation, or yourself from the first time a customer hears no. What are you protecting? Put a number on it. A wrong quote by your service manager costs one job's margin. Pricing every job yourself for another five years costs you the sale price of the business. Two fears come with being human, the fear of loud noises and the fear of falling. Every other fear is learned, and a learned fear can be unlearned.

Your team watches what you do. Each time you grant an exception, you teach them to ask for the next one. Sell the service you taught your people to do, tell customers what the business now focuses on, and help them find another provider for the rest.

Once your people can sell the work and do the work, build the record. A buyer needs to see two years of growth and improving financial performance with the team keeping the pace without you. Use those two years on whatever breaks when someone else runs the week. When someone brings you a decision, ask what happened and what they recommend, give them what they need, and let them finish the job.

Work with your accountant as the terms change. A customer may pay in March for work you deliver through October, and your accountant will record the sales across those months, so read the reports with that in mind before judging a slow-looking quarter. Track margin by job, because you gain from more sales only when you keep enough of each dollar after wages and materials, and record the gains so a buyer can check them. Keep serving your largest customer well while you win work from others, so a buyer sees a business that survives the loss of any one account.

> **START HERE**
>
> Review your last five jobs. Which ones needed you on site? Decide which jobs the business stops selling and which tasks your team learns next.

The people you need before the listing.

We work the sale itself with you as a separate engagement, alongside your accountant and attorney, and here is how it unfolds.

Managers

A buyer wants to know whether the manager who keeps your crew on schedule will stay after you leave. Pay keeps a manager, and so does a job the manager can run without asking. Give your managers clear duties, tell them which decisions they own, and let them run their part of the business while you are still there to help.

Build the retention plan on cash, because handing out ownership complicates a sale. Each year you set aside an amount equal to the manager's annual bonus in an account for that manager. After three years the manager may draw one-third of the account each year, so a manager who leaves walks away from real money. Put the terms in writing. You still have to teach that manager to run the business without you.

Representation

A business broker helps you find buyers and work through the sale. For a business above about $2 million in sales, look for a mergers and acquisitions adviser, a broker for larger deals. Ask owners who have sold who helped them, what went well, what went wrong, and whether they would hire the same person again. Look for someone who has sold businesses like yours and already knows the likely buyers.

Bring the valuation you started with, show what changed, and bring the records that prove the change. Ask how much those gains add to the price and which buyers value them most. Your adviser will write the document buyers read, which the trade calls the book, and it covers what your business does, how it has performed, and how a new owner could grow it.

Ask how the adviser gets paid. Brokers earn a percentage of the price when the sale closes, and an adviser paid at closing has a reason to like the offer on the table. You decide whether the check at closing is enough.

Meet with an accountant who has helped owners sell. Ask how taxes, debt, and fees change what you keep, and ask years before the sale, because your accountant needs years to put the best tax strategies in place.

> **START HERE**
>
> Ask sellers you know for referrals. Ask an adviser what a buyer would pay for the business as it stands, what would raise the price, and which records buyers will request.

Set your walk-away number first.

The team

You may see the sale as a chance to rest, travel, or start something new. Your managers may see a threat to their jobs and their bills. Talk with them before they meet a buyer. Explain why you are selling and what you know about their future. Give them time to ask questions, and when you lack an answer, say so and follow up when you have one.

A sale can mean a bigger business, a bigger title, and a bonus target that gets easier to hit, and the manager who helps close the deal deserves a share of the result. Pay key employees a success bonus in two parts, one part paid 60 days after closing and the rest paid later, so they have a reason to help with the sale and to stay through the change.

> **START HERE**
>
> Write the answers to the questions you would ask in their place. Will my job change? Who is my new boss? What happens to my pay and my bonus?

Offers

Two buyers can offer the same price and leave different amounts in your account. One pays most of the price at closing. The other pays over time and needs you to keep working. Compare how much you receive, when you receive it, and how many months you still owe.

Decide the number you need at closing before the first offer arrives. Some offers include an earn-out, where the buyer pays part of the price later if the business meets agreed goals, and after the sale the same buyer makes the decisions about staff, spending, and sales that determine whether the business meets them. Treat any earn-out as extra, and count money as yours on the day you receive it.

Expect the first written offer as a letter of intent, which states the proposed deal and leaves both sides free to walk. Ask your advisers which parts bind you. Due diligence follows, with the buyer's team checking the books, the customers, the staff, and the work. Ask your adviser how many weeks the review will take. Answer every question straight and keep the records ready. Expect the buyer to lower the offer after that review. When the new number meets what you decided you need at closing, proceed. When the new number falls below that line, walk, whatever the buyer promises about the earn-out. At closing, both sides sign the final papers and the cash portion moves to your account.

> **START HERE**
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> Compare each offer on one page. List cash at closing, later payments, taxes, debt, fees, and the months you must keep working. Ask your advisers to estimate what you keep.

WHERE TO START

From the biggest leak to the handoff test.

Nobody writes a whole business down at once, and nobody expects that of you. Spend one focused hour every day for 90 days and you will have the business on paper.

Before week 1, get a valuation and ask the adviser what would raise the number. A list of specific gaps is a list of work you can begin.

WEEK 1 Find your biggest leak, whether late quotes, unsent invoices, or jobs rescheduled twice, and write that system first.

WEEKS 2 TO 4 Write one system each week until the worst of the chaos is on paper.

MONTH 2 Put the money on a schedule with the rate card, the same-day invoice, the day-30 call, and the monthly close by the 15th.

MONTH 3 Run the handoff test. Someone else runs a full week, scheduling, quoting, and closing out, while you watch the numbers from home. Write the next system where the week broke. Then put a recurring agreement in front of your 10 best customers.

> **FOUR NUMBERS**
>
> Keep four numbers on one page every month, sales, gross margin, days from invoice to payment, and the share of sales under agreement. You run the business from that page while you are away, and you prove the business with that page whenever a buyer asks.

Write down the date you would like to step away and what you want life to look like on the other side. You can move the date later. For now, a target is enough to begin.

WHERE TO START

One system for every stage of the job.

Every service business does the same jobs between the first phone call and the last invoice, and the systems you write in those 90 days follow the stages of a job. Here are the stages for a Montana service business and what you write down at each one so the work becomes transferable and teachable.

1	**Marketing**	Where the work comes from, what each source costs, and what each source returns.
2	**Lead**	The phone script and one lead sheet where every inquiry gets logged.
3	**Quote**	A rate card built from costs and margin, so anyone can price a job inside your margin.
4	**Schedule**	One scheduling board for the whole shop, and the name of the person who owns it.
5	**Work**	A job checklist for each service, with photos and short videos in place of essays.
6	**Sign-off**	What done means for each service, and who signs before the truck leaves.
7	**Invoice**	Payment terms, who sends the bill the day the job closes, and the day-30 collection script.
8	**After the job**	The thank-you, the review request, and the maintenance offer, which is how one job becomes a customer.
9	**Monthly numbers**	Sales, gross margin, days from invoice to payment, and the share of sales already under agreement, on one page every month.

Have the person who does the job draft the system, then edit the draft to your standard, and keep the systems in the cloud where your crew works. Write one system every week, and in 90 days a new hire can read every stage.

Give the sale the same care you gave the business, and reach that day with clean books, a second-in-command, recurring work under agreement, and three years of records that prove all three.

WHO WE ARE

Rich in Thought

Rich in Thought is a Montana consulting and leadership practice built for the people who run real businesses, the trades, the routes, the shops, and the services that keep this state working. When you ask us for help preparing your business for sale, we work through three practices with you.

Strategic Planning

We help you decide where the business is going, write a plan your whole team can execute, and review the plan on a rhythm your team keeps.

Leadership Training

We train your second-in-command and your crew leads to run a full week without you.

Operational Excellence

We work with you and your crew to write the stage systems, set the invoice and collection dates, and keep the four numbers every month.

ABOUT RICH

Rich Turner is the principal consultant at Rich in Thought. Since 2022 he has served more than 100 Montana businesses, with more than $100 million in client-reported economic impact. He brings two decades of leadership across the U.S. Marine Corps, Amazon operations, global consulting businesses, startups, and nonprofit ventures, holds master's degrees in business administration and engineering management, and is a certified Gallup CliftonStrengths coach.

OUR MISSION

To provoke thought and inspire growth, helping leaders gain clarity, achieve focus, and master execution.

NEXT STEPS

REQUEST A VALUATION.

1 Take the Sell Readiness Assessment and set your target date.

2 Request a valuation at vitalexit.richinthought.com. VITAL Exit scores 23 value drivers behind the buyer's checklist and returns a defensible valuation, so you know the number and the gaps before a buyer does.

3 Bring the valuation and your Sell Readiness Assessment to a conversation with us at info@richinthought.com. We will map the 90 days to your business and name the first system to write.

vitalexit.richinthought.com

info@richinthought.com

richinthought.com

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