

HOW TO PREPARE YOUR COMPANY FOR AN EVENTUAL SALE: 5 TIPS

BY NOLAN MCCLAIN

Whether you're just starting your gutter business or you're an industry veteran, it's never too early to begin preparing for an eventual sale. Your business likely represents one of the largest concentrations of your family's wealth: You owe it to yourself to maximize value in an eventual transaction. By putting yourself into your eventual acquiror's shoes and working backward, you'll be positioned to get the most out of a deal.

Based on my experience purchasing businesses, taking the following five action items will pay dividends whenever you sell your business:

1. Make Full Use of Your CRM: Business buyers need accurate information to value any business. I recommend keeping track of every job and payment using a CRM software... the data here should allow an acquiror to segment sales by service type (gutter installation, guard installation, cleaning, etc.) and by customer. Jobber and Housecall Pro are two solutions that I see most frequently in our industry.

2. Ensure Consistency in Information: Your business's numbers need to tell a consistent story to a buyer. You should anticipate an acquiror's data request including: tax returns, bank statements, profit and loss statements, and transaction-level data (from your CRM). You'll want to make sure that the annual sales numbers represented on all of these source's tie to each other... That is to say: deposit any cash customer payments into your business bank account and pay your taxes in full.

a. Note that it's common for a potential acquiror to request this information for the most recent three years... all the more reason to plan ahead.

3. Focus on Your Reputation: A quick Google search is all it takes for an acquiror to start their due diligence. OSHA's violation database, Google My Business reviews, Yelp reviews, Glassdoor's employee reviews, and the Better Business Bureau are all easy-to-access checks on your business's practices and reputation. You should assume that anything on these platforms will be considered by a potential buyer.

4. Avoid Liability Red Flags: Liabilities like independent contractor misclassification, poor safety records and a history of significant warranty or performance guarantee claims (including those associated with gutter guards) can create hard-to-quantify future costs for acquirors and should be disclosed in a transaction if they exist.

5. Minimize Customer Concentration: Generating a large portion of sales from any single customer spells risk for a business buyer and can negatively impact your business's valuation. Building a diversified customer base can take time but will ultimately pay dividends.

If you'd like to speak further about small business transactions, please don't hesitate to reach out to Nolan at nolan@nedstevens.com. [GE](#)

Bio: Nolan McClain is the Senior Vice President of Mergers and Acquisitions at Ned Stevens: an industry-leading home service provider. Nolan has a background in middle market private equity and has acquired over a dozen home service businesses since 2020. You can contact Nolan to discuss business acquisitions at nolan@nedstevens.com



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