

Business Reality Checklist

A Self-Assessment for Owner-Operators

This checklist is designed to help you see your business through the lens of a buyer, a bank, or a future successor. Honest answers here are the first step toward clarity.

Instructions: Check each box that is TRUE for your business. Each checkmark = 1 point.

1. Financial Clarity

- Do you have clean, monthly P&L; statements for the last 3 years?
- Are your personal expenses completely separate from business expenses?
- Can you prove your "Owner Benefit" (Salary + Profit + Benefits) clearly?
- Do you have a clear understanding of your gross margins by service type?

2. Operational Independence

- Can the business run for 2 weeks without you answering a phone or email?
- Are key processes (sales, dispatch, billing) documented in writing?
- Is there a "second-in-command" who can handle daily crises?
- Do you have a diverse customer base (no single customer > 10% of revenue)?

3. Market Position

- Is your revenue growing, flat, or declining over the last 3 years?
- Do you have recurring revenue (maintenance contracts, service agreements)?
- Is your brand reputation strong (Google reviews, local recognition)?
- Is your pricing updated annually to reflect cost increases?

4. Risk & Compliance

- Are all licenses, insurance, and permits up to date?
- Are your employee classifications (W2 vs 1099) legally compliant?
- Do you have non-compete or non-solicitation agreements with key staff?
- Is your facility lease transferable or renewable?

Scoring Your Readiness

Total Score (out of 16): _____

12-16 Points: You are in a strong position. Your business is likely transferable and valuable.

8-11 Points: You have a solid foundation, but specific gaps could hurt your valuation.

0-7 Points: Your business is likely "Owner-Dependent." A transition now would be difficult or undervalued