Bespoke Capital

Before The Offer

A Step-by-Step Framework for Exit Readiness and M&A Preparation

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EXECUTIVE SUMMARY

The owner should control the clock.

Most business owners spend years building a company and very little time preparing for the moment someone wants to buy it. That imbalance creates risk. An unsolicited offer, a health event, partner tension, market volatility, or simple fatigue can force decisions before the owner has defined what a successful exit should accomplish.

True exit readiness is broader than making a company attractive to buyers. It means knowing what you need to net, understanding what the business may be worth, improving the risks that affect value, coordinating tax and estate planning early, building the right specialist team, and preparing for the life that follows the sale.

> **The central idea**
>
> A buyer will arrive with a process, a team, a timeline, and a strategy. The owner should too.

The Bespoke Exit Readiness Framework

This whitepaper evaluates readiness through five connected lenses: personal, financial, business, tax and legacy, and deal execution. The objective is not to pressure an owner to sell. It is to create clarity and preserve options before a buyer, deadline, or transaction process begins controlling the decisions.

The Five Readiness Tests

1.	Personal	Define the life, role, and purpose the transaction should support.
2.	Financial	Know the after-tax capital required for lasting independence.
3.	Business	Strengthen value, transferability, reporting, and leadership.
4.	Tax and Legacy	Sequence ownership, estate, residency, and charitable planning.
5.	Deal	Build the specialist team before the buyer controls the process.

EXECUTIVE SUMMARY

Owners often lose leverage before they realize a sale process has begun.

These moments can quietly shift control to the buyer or reduce the owner's available options:

1. Sharing financials too early

A buyer may request detailed information before the owner understands value, confidentiality, or how the information will be used.

2. Reacting to a headline price

A large number can feel compelling even when taxes, debt, rollover equity, earnouts, and working capital materially change what the owner keeps.

3. Signing an LOI before planning

Once exclusivity and structure are established, negotiating leverage may narrow and certain tax or estate strategies may become harder to implement.

4. Using familiar generalists

A trusted advisor may be excellent in the normal course of business but lack experience with the pace, documents, and negotiation dynamics of an M&A transaction.

5. Letting the buyer set urgency

Artificial deadlines can push an owner to move faster than the legal, financial, tax, and personal planning can responsibly support.

6. Ignoring life after closing

A transaction can be financially attractive and still create regret if the owner has not considered identity, purpose, family, and the desired role after the sale.

A better first question

Before asking, "What will someone pay?" ask, "What must this transaction make possible for me, my family, and the life I want after the business?"

READINESS TEST 1 — PERSONAL READINESS

Are you prepared for your life to change?

For many owners, the company is more than an asset. It is a source of identity, purpose, relationships, pace, and responsibility. A strong exit plan must account for what the owner is moving toward, not only what the owner is leaving behind.

1.	Why are you considering a transition now?
2.	Do you want a full exit, partial liquidity, or continued ownership?
3.	What would you want your calendar to look like two years after closing?
4.	Have the people closest to you been included in the conversation?
5.	What outcome could make you regret selling, even if the price were attractive?

Three Decisions to Define Before a Process Begins

Identity

What will replace the purpose, pace, and relationships the business provides today?

Future role

Decide whether the goal is a clean exit, a transition period, rollover equity, or continued involvement.

Alignment

Make sure the people closest to the owner understand the goals, tradeoffs, and timing.

Personal readiness matters

A financially successful transaction can still become a personally unsuccessful exit. The plan should define the life the transaction is intended to support.

READINESS TEST 2 — FINANCIAL READINESS

Know what you need to net - not only what the business may sell for.

The headline purchase price is not the amount available to fund the owner's future. Debt, taxes, transaction expenses, working capital adjustments, rollover equity, earnouts, and retained business interests can materially change the result.

A Simple Net Proceeds Bridge

+	Headline enterprise value
–	Debt and transaction liabilities
–	Estimated taxes and transaction costs
–	Rollover equity, earnout, or retained capital
=	Estimated usable family capital

Questions the Owner Should Answer

1.	What annual spending should the proceeds support?
2.	What family gifts, philanthropy, or major purchases are planned?
3.	How much liquidity should remain outside long-term investments?
4.	What other assets, debts, income sources, and risks belong in the plan?
5.	Would the estimated net proceeds create lasting financial independence?

The relevant number

The right transaction is the one that supports the owner's objectives after taxes, debt, fees, and risk - not simply the highest headline offer.

READINESS TEST 3 — BUSINESS READINESS

Is the company valuable and transferable without the owner?

Buyers reward durable earnings and punish uncertainty. The question is not only whether the company is profitable. It is whether the earnings, relationships, systems, people, and customer value can transfer to a new owner.

Factors that can support value

- Reliable financial reporting and normalized earnings
- Recurring or visible revenue
- A capable management team
- Documented contracts and processes
- Diversified customers and suppliers
- A credible growth plan

Factors that can reduce value

- Heavy dependence on the founder
- Customer, employee, or supplier concentration
- Inconsistent accounting or unsupported adjustments
- Missing contracts, compliance gaps, or litigation
- Weak second-level leadership
- Growth that does not convert to cash flow

Six Business Readiness Questions

1.	Can the company operate for 90 days without the owner?	4.	Are important relationships, contracts, and processes documented?
2.	Would a buyer trust the financial information without major reconstruction?	5.	Can management explain the growth plan and defend the forecast?
3.	Are the largest customer and employee dependencies understood?	6.	What issues would a quality of earnings review surface today?

Transferability drives value

Revenue may attract interest. A business that can perform without the owner is more likely to withstand diligence and preserve negotiating leverage.

READINESS TEST 4 — TAX, ESTATE AND LEGACY READINESS

Have the planning decisions been made in the right sequence?

Transaction planning is time sensitive. The legal structure of the sale, ownership of the company, state residency, charitable intent, trusts, gifting, and family goals can affect what the owner keeps and how the proceeds are ultimately used. Some strategies require meaningful lead time and may become less practical once a transaction is substantially certain.

1. Transaction structure

Understand how an asset sale, equity sale, rollover, earnout, installment component, or retained ownership may affect taxes, risk, and liquidity.

2. Ownership and estate plan

Review who owns the business, how value may pass to trusts or family, and whether the existing estate plan reflects the anticipated transaction.

3. Residency and sourcing

Evaluate state and local tax exposure, residency facts, business income sourcing, and the timing of any move with qualified tax and legal professionals.

4. Family and charitable goals

Clarify whether the owner intends to support family, employees, community organizations, or charitable causes before committing to a deal structure.

Before the LOI

The letter of intent can establish price, structure, exclusivity, and timing. Owners should involve transaction counsel, tax advisors, estate counsel, and the wealth team before signing, not after the important terms are already framed.

Important: Tax and legal outcomes depend on individual facts and current law. Strategies should be evaluated and implemented only with the owner's qualified tax and legal professionals.

READINESS TEST 5 — DEAL READINESS

Who will protect the owner when the process begins?

A sophisticated buyer will have experienced professionals, a diligence process, and a negotiation strategy. The owner should assemble specialists with clearly defined roles and one person accountable for keeping the entire team coordinated.

Investment Banking

Assess value, position the company, create competitive tension, manage buyers, and negotiate the financial terms.

M&A Legal Counsel

Protect the owner through the letter of intent, purchase agreement, representations, indemnities, and closing documents.

Quality of Earnings

Validate normalized earnings, identify issues before the buyer does, and help the numbers withstand scrutiny.

Tax Advisory

Model alternative structures, estimate tax exposure, and coordinate implementation and reporting.

Estate Counsel

Align ownership, trusts, gifting, governance, and legacy planning with the expected transaction.

Private Wealth Leader

Define the owner's number, connect the sale to the personal plan, and quarterback the specialists from preparation through life after closing.

The team should be built before the offer arrives

Specialists create the most value when they can plan, test assumptions, identify risks, and coordinate the sequence before the owner is under exclusivity or a buyer-imposed deadline.

OWNER ASSESSMENT

Before sharing financials, signing an LOI, or accepting an offer.

Mark each statement Yes, No, or Not Yet. The purpose is not to produce a score for its own sake. It is to identify the decisions that deserve attention before a process begins.

Y	N	NY	
			I have a written exit plan.
			I know what I need to net after taxes, debt, and fees.
			The people closest to me understand what I am considering.
			I have a current, market-aware view of business value.
			I understand the factors increasing or reducing that value.
			The company can operate without my daily involvement.
			The financial statements can withstand buyer scrutiny.
			Customer, employee, and supplier concentration have been evaluated.
			My tax and estate advisors have modeled the transaction.
			I have experienced M&A legal counsel.
			I understand whether and when to engage an investment banker.
			My advisors are coordinated by someone accountable for the whole outcome.
			I have considered what I want life to look like after closing.
			I know what would cause me to reject an offer.
			I have not allowed a buyer's timeline to become my timeline.

How to use the assessment

Every "No" or "Not Yet" is a planning opportunity. The earlier the owner identifies it, the more time the team has to create clarity, improve readiness, and preserve options.

THE BESPOKE PROCESS

Tailored planning does not mean improvised planning.

Every owner arrives with a different business, family, timeline, and definition of a life well lived. The recommendations should be custom-tailored, but the process should remain disciplined so important decisions are not missed.

1. Discover

Understand the business, the owner's number, the family, the transition goals, and the life envisioned after the business.

2. Design

Build the written plan covering valuation, financial independence, succession, tax, estate, risk, and the use of proceeds.

3. Deploy

Assemble and quarterback the specialist team, coordinate the work, and keep the process aligned with the owner's objectives.

4. Steward

After closing, manage and protect the wealth, help the family adjust, and prepare the next generation to carry the legacy forward.

Call us before the buyer controls the clock

Before sharing sensitive financial information, signing a letter of intent, responding to an unsolicited offer, or making a decision that may narrow your options, call us first. There is no obligation and no pressure to sell. The first job is to create clarity.

Continue the Conversation

Contact us at cody@bespokecap.com to begin the discussion.

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