

BUSINESS SALE READINESS

Preparing Your Business for Sale

The HR and legal steps that protect value.

Buyers evaluate more than revenue. Use this checklist to identify employment, legal, and transition issues before they become negotiating leverage.

FOCUS HR

HR Readiness

with Clint Parry

- ☐ Maintain a current employee roster with roles, pay, tenure, and status.
- ☐ Audit independent contractor and exempt/non-exempt classifications.
- ☐ Complete personnel files, agreements, acknowledgments, and I-9 records.
- ☐ Check payroll, overtime, wage and hour, and leave compliance.
- ☐ Reconcile accrued PTO, commissions, bonuses, and other employee obligations.
- ☐ Review benefits, retirement plan/ERISA, and COBRA administration.
- ☐ Identify key employees, retention risks, and succession needs.
- ☐ Document job responsibilities, reporting lines, and critical procedures.
- ☐ Maintain a current, legally compliant employee handbook with up-to-date policies and employee acknowledgments.
- ☐ Identify pending or threatened employment claims and other HR liabilities.

PHOCUS LAW

Legal & Deal Readiness

with Mick McGirr

- ☐ Confirm entity ownership, operating agreements, approvals, and corporate records.
- ☐ Organize financial, tax, corporate, and legal diligence records.
- ☐ Review customer and vendor contracts for signatures, term, assignment, and change-of-control restrictions.
- ☐ Identify customer concentration, referral dependence, and owner-driven revenue.
- ☐ Confirm company ownership of intellectual property and other critical assets.
- ☐ Review loans, liens, guaranties, leases, and third-party consent requirements.
- ☐ Identify litigation, regulatory matters, and material contractual disputes.
- ☐ Review employment, confidentiality, restrictive covenant, and IP assignment agreements.
- ☐ Plan retention or incentive agreements for essential personnel.
- ☐ Evaluate deal structure and coordinate early with legal, tax, and financial advisers.

SHARED PRIORITIES

Transition & Execution

Plan for continuity before due diligence begins. A clear path to post-close operations makes a business easier to evaluate and transfer.

- ☐ Identify who will run operations and maintain relationships after closing.
- ☐ Document the owner's transition, training, and consulting plan.
- ☐ Determine which employees need retention arrangements.
- ☐ Plan the timing and messaging of employee, customer, and vendor communications.
- ☐ Build a centralized diligence folder before receiving a letter of intent.

**BOTTOM
LINE**

Prepare before you go to market. A business that is organized, transferable, and less dependent on its owner is easier for a buyer to evaluate.

General educational information only; not legal, tax, financial, valuation, or transaction advice.

Prepared by Focus HR & Phocus Law