KMF BUSINESS ADVISORS

BOCA RATON, FLORIDA

A CONFIDENTIAL GUIDE FOR OWNERS

Selling Your Florida Business

What your business is worth, how to prepare it, and how to sell it on your terms



John Bucher
Broker and President
Palm Beach and Broward Counties

INSIDE

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Everything in this guide is meant to be used. The worksheets at the back are built to fill in before your first conversation with us.

FROM THE BROKER

A note before you start

Selling your business will probably be the biggest financial decision you ever make. Most owners only do it once, and the buyer across the table has often done it before.

I wrote this guide to even that out. I have spent 10 years selling businesses across Palm Beach and Broward Counties, and I have founded several businesses of my own. The owners who walk away happy are almost never the ones with the best business. They are the ones who started preparing early, kept the sale quiet, and knew what they wanted before the first offer came in.

Everything in these pages comes from deals we have worked on in South Florida. Read it straight through or jump to the chapter you need. Either way, you will know more about selling a business than most of the buyers who will call you.

If you want to talk through your situation, call or text me anytime at (561) 609-7325. The conversation is confidential and there is no obligation.

John Bucher

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Secretary, Business Brokers of Florida, South Florida Chapter



01 CHAPTER 1

What your business is really worth

Most small businesses sell for a multiple of what the owner actually takes home. The number buyers care about has a name: Seller's Discretionary Earnings, or SDE.

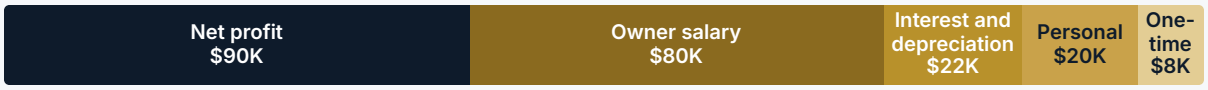
SDE in plain English

SDE is the total financial benefit one full-time owner gets from the business in a year. You start with net profit from your tax return, then add back expenses already deducted there that a new owner would not have to pay. Each one counts once:

- One owner's salary and payroll taxes. If a second owner or family member works in the business, their pay usually stays in as a cost, because a buyer would have to hire someone to do that work.
- Personal expenses run through the business (your car, phone, family health insurance)
- Interest on loans the buyer will not take on
- Depreciation and amortization
- One-time costs that will not repeat (a lawsuit settlement, a relocation)

A business showing $90,000 of net profit on its tax return can easily have $220,000 of SDE once these are added back. That gap is why owners who price off their tax return alone undersell.

ILLUSTRATION: FROM TAX RETURN TO SDE



What the tax return shows **$90,000**

What a buyer values **$220,000 SDE**

Example only. Every add-back has to be documented and hold up.

Every add-back has to be documented, and it has to hold up. A receipt proves you spent the money. It does not prove a new owner will not have to spend it too.

How the multiple works

Price is roughly SDE multiplied by a number. As a rough illustration, many Main Street businesses under $2 million sell for around 2 to 3.5 times SDE. The right range for yours comes from closed sales in your industry. Where you fall depends on things like:

Pushes the multiple up	Pushes it down
Revenue growing three years running	Revenue flat or falling
Managers who run the day to day	Owner does everything
Long lease with renewal options	Lease expiring with no renewal
Many customers, none over 10% of sales	One customer is a big share of sales
Clean, accrual-based books	Cash sales that never reach the books
Recurring or contract revenue	One-off project work

Larger businesses, usually with more than $1 million in earnings, are valued on EBITDA instead. EBITDA assumes the business pays fair compensation for the management it needs to run, so it comes out lower than SDE. The logic is the same.

Asking price is not sale price

Listing sites are full of asking prices, and owners use them to set expectations. They are what sellers hoped for, not what buyers paid. Real comparisons come from closed-sale databases that brokers subscribe to, adjusted for your industry, size and location.

Three ways a valuation is built

1. **Income.** What the earnings are worth to a buyer who needs to pay back a loan and still earn a living.
2. **Market.** What similar businesses actually sold for.
3. **Assets.** What the equipment, inventory and other tangible assets are worth. For businesses with little profit, this may be the whole value. Used equipment often sells for far less than it cost, and any loans against it come off the top.

A good valuation uses all three and explains where they disagree. One common mistake: the equipment needed to produce your earnings is already part of an earnings-based price. It is not added on top.

> **Bottom line:** your business is worth what a qualified buyer can finance and still make a living from. Know your SDE before you talk to anyone.

02 CHAPTER 2

Know what you want before you sell

The best price is not always the best deal. Decide what matters most to you before an offer arrives, because a buyer's terms will force trade-offs.

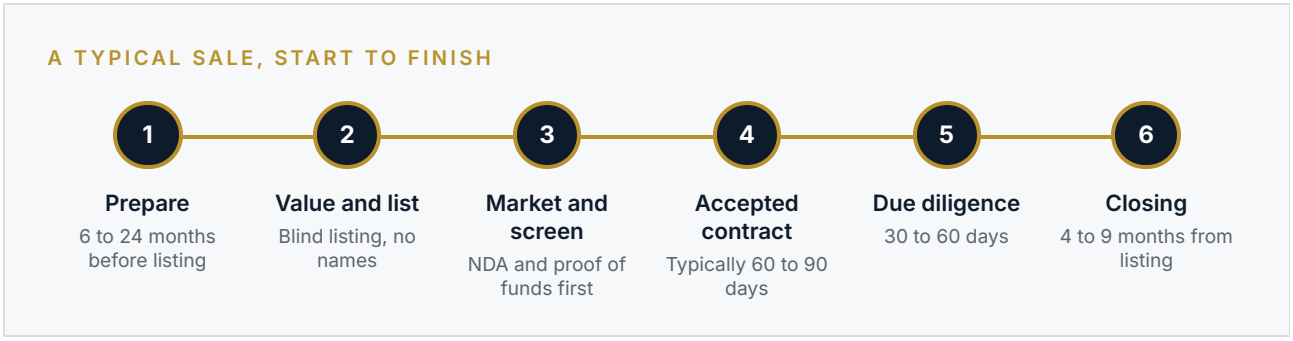
Why are you selling?

Buyers will ask, and your answer shapes how they read everything else. Retirement, relocation, health, burnout, a partner dispute and a new opportunity are all normal reasons. "The business is about to decline" is not one you want a buyer to discover on their own.

Be honest with yourself here. If burnout is the real reason, your numbers may already be slipping, and the clock matters.

Timing

A sale normally takes 4 to 9 months from listing to closing. With a well-prepared business, we typically have an accepted purchase contract within 60 to 90 days. Preparing the business first can add 6 to 24 months, and that time usually pays for itself. The best time to sell is when revenue is rising, not after it has started to fall.



The trade-offs you will face

If you want this	Expect to give up some of this
Highest possible price	Speed, and possibly some cash at closing
All your money at closing	Some price, since many buyers need you to carry part of it
A fast exit	Price, and time for buyer training
Your staff and customers protected	Freedom to take the top bid
To stay on after the sale	Control over how the business is run

Who might buy it

- An individual buyer, often using an SBA loan. This is the most common buyer for businesses under $5 million.
- A competitor or a company in a related industry, which may pay more for strategic reasons.
- A key employee or a family member, which can protect your legacy but often needs seller financing.
- A private equity group, usually only for businesses with $1 million or more in earnings.

Pick one priority

Write down the one thing that matters most: price, cash at closing, speed, your people, or staying involved. Keep it in front of you during negotiations. It will save you from trading away the thing you care about for something you do not.



03 CHAPTER 3

Getting sale-ready

The work you do 6 to 24 months before listing has more effect on your price than anything that happens during the sale. Buyers pay for earnings they can verify and a business that runs without you.

Clean up the books

- Get to at least three years of financial statements that match your tax returns.
- Move to monthly profit and loss statements if you are not already producing them.
- Stop running personal expenses through the business, or at least track every one so it can be added back.
- Report all revenue. Cash a buyer cannot verify is cash a buyer will not pay for, and a lender will not finance it.

Make yourself less necessary

If every customer relationship, vendor contact and key decision runs through you, a buyer is really buying a job, and will pay less for it. Start handing off:

- Train a manager or senior employee to run daily operations.
- Write down the processes that live in your head.
- Introduce key customers to other people on your team.

Fix what a buyer will find anyway

Common deal killer	What to do now
Lease expiring soon, or no option to assign	Talk to your landlord about an extension or a new lease that can transfer
One customer is a big share of revenue	Grow other accounts, or get a contract in place
Outdated or poorly maintained equipment	Repair it, replace it, or price it in honestly
Licenses or permits not in order	Confirm everything is current and transferable
Pending lawsuits or tax issues	Resolve them or be ready to disclose them
Revenue trending down	Find the cause and turn it before you list

> *Buyers pay for earnings they can verify and a business that runs without you.*

Keep running the business

The most common mistake we see is an owner who mentally checks out once they decide to sell. Revenue slips during the sale, the buyer notices in due diligence, and the price drops or the deal dies. Keep your foot on the gas until the day you close.

Get a valuation early

A professional valuation 12 months or more before you sell tells you where you stand and which fixes are worth making. Some improvements return many times their cost. Others are not worth doing before a sale.

04 CHAPTER 4

Keeping the sale confidential



If word gets out that your business is for sale, it can cost you money before a buyer ever makes an offer. Confidentiality is not a nice-to-have. It protects the value you are trying to sell.

What happens when news leaks

- Key employees start looking for other jobs.
- Competitors tell your customers you are on the way out.
- Vendors tighten credit terms.
- Customers hesitate to sign longer commitments.

Any one of these can lower your revenue during the sale, and buyers will notice.

How a confidential sale works

1. **Blind listing.** The business is marketed without its name, exact location or details that would identify it. In South Florida, "restaurant in Boca Raton" can be too specific. Sometimes "Palm Beach County" is the right level.
2. **NDA first.** Buyers sign a non-disclosure agreement before they learn the name of the business or see any financials.
3. **Screening before disclosure.** Buyers show proof of funds and relevant background before they get the full package.
4. **Information in stages.** Summary first, then the confidential business review, then detailed records only once an offer is accepted.
5. **Discreet visits.** Buyer tours are prearranged and discreet, often after hours or when staff and customers are not around.

What you can do yourself

- Do not tell employees, vendors or friends until the deal is close to final. Plan when and how you will tell key staff.
- Use a personal email address and phone number, not the business line, for sale conversations.
- Keep sale documents off shared office computers and printers.
- Have a short, honest answer ready if someone asks directly, such as "we are always talking to people about growth."

> A signed NDA is only as good as the screening behind it. A broker's job is to make sure the person signing it is a real buyer, not a competitor fishing for your numbers.

05 CHAPTER 5

Finding and screening buyers



Most people who inquire about a business for sale will never buy one. Your time, and your confidentiality, depend on sorting the real buyers from the curious early.

Who buys businesses in South Florida

- **Corporate professionals** leaving a career to own something. Often well educated, well funded and new to small business.
- **Relocating buyers** moving to Florida from the Northeast, the Midwest and abroad, many attracted by the lack of a state personal income tax.
- **Existing owners** adding a second location or a related business.
- **Investors and search funds** looking for businesses with strong managers in place.

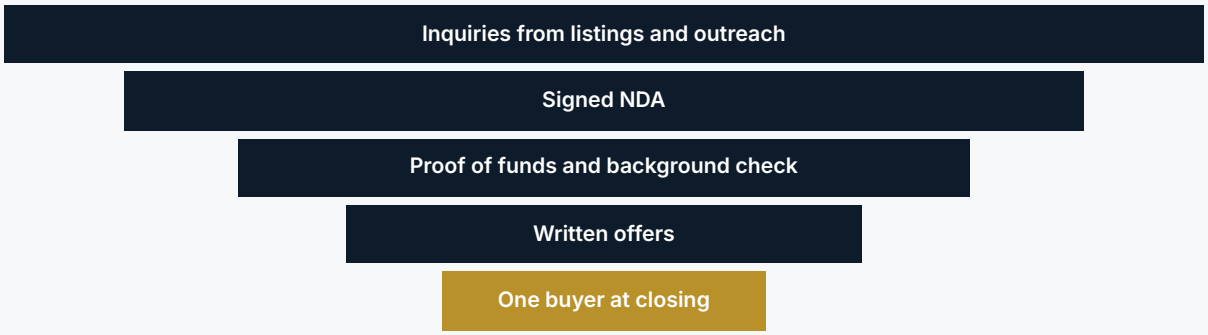
Where they come from

A good sale reaches buyers through several channels at once: the major listing sites, the Business Brokers of Florida MLS shared by brokers across the state, a broker's own buyer database, and direct outreach to likely strategic buyers. A single listing on one site reaches only part of the market.

What a qualified buyer looks like

Ask about	What you want to hear
Liquid funds	Enough for the down payment plus working capital, usually 10% to 30% of the price
Financing	Pre-qualified with an SBA lender, or paying cash
Experience	Management or industry background that a lender and landlord will accept
Timeline	Ready to close within 3 to 6 months
Motivation	A clear reason for buying, not just browsing

HOW THE BUYER POOL NARROWS



Illustrative. Screening early protects your time and your confidentiality.

Warning signs

- Wants financials before signing an NDA or showing proof of funds.
- Will not say how they plan to pay.
- Asks very detailed questions about your customers or pricing early on. This can be a competitor.
- Offers a high price with mostly seller financing and little money down.

In our experience, a small share of inquiries turn into qualified buyers. That is normal. The goal is not more calls. It is the right calls.

06 CHAPTER 6

Offers and deal structure

The headline price is only part of an offer. How and when you get paid often matters more.

The written offer

Serious buyers put their offer in writing, either as a short offer letter or as a full purchase contract. It sets the terms everyone will work from. A solid offer covers:

- Price, and what it includes (equipment, inventory, receivables, cash)
- How it will be paid: cash at closing, SBA loan, seller note, earnout
- Due diligence period and target closing date
- Conditions such as financing approval and lease assignment
- How long you will stay to train the new owner
- Non-compete terms
- Exclusivity, meaning you stop talking to other buyers for a set period

Once you accept an offer, your leverage drops. Negotiate the terms that matter to you before you sign, not after.

What exactly is included in the price

Two offers at the same price can be worth very different amounts depending on what they include. Ask this about every item below:

- **Inventory.** Does a $500,000 offer include $60,000 of inventory, or is inventory paid for separately at cost?
- **Receivables.** Do you keep money customers owe you for work done before closing, or does the buyer?
- **Cash in the bank.** Usually the seller keeps it.

- **Payables.** Who pays bills for goods and services received before closing?
- **Customer deposits, prepaid memberships and gift cards.** The buyer will have to deliver on these, so expect a credit against the price.
- **Work in progress.** Who gets paid for jobs started before closing and finished after?
- **Working capital.** Larger deals often require a set amount of working capital to stay in the business.

Get each answer in writing in the offer.

Common ways a deal gets paid

Structure	How it works	What it means for you
All cash	Buyer pays with their own money, no loan	Simple and fast, but few buyers can do it
SBA 7(a) loan	Bank lends most of the price, buyer brings a down payment	Most common for smaller deals. You can still be paid in full at closing. Lender rules shape any seller note and your transition role
Seller note	You finance part of the price, paid back over time with interest	Often raises your price and shows confidence, but you carry risk
Earnout	Part of the price depends on future results	Bridges a price gap, but depends on how the buyer runs things

If you carry a seller note

A seller note is a loan you make to the buyer. Protect it like a lender would. Have your attorney review:

- What collateral secures the note, and where you stand behind the bank. With an SBA loan, the bank is paid first, and the lender may limit when you can be paid.
- Whether the buyer personally guarantees the note.
- What happens if the buyer misses payments.
- Your right to see the business's financial reports while the note is outstanding.

If an SBA lender is involved, have the lender review the down payment, seller note, earnout and your transition role together, early. Their rules change, and they can reshape a deal late if you wait.

Asset sale or stock sale

Most small businesses sell as asset sales. The buyer buys the equipment, name, customer lists and goodwill, and you keep the legal entity. Buyers usually prefer this structure. Stock sales are more common in larger deals or where licenses and contracts cannot be transferred.

How the deal is structured, and how the price is divided, can change what you keep after the sale. Have your CPA and attorney review the structure before you sign anything.

Comparing two offers

A $1.2 million offer with $1 million at closing can be worth more than a $1.4 million offer with $700,000 at closing and the rest tied to an earnout. Look at cash at closing, risk, and the buyer's ability to actually get financing.

What you actually keep

Your sale price is not the amount you take home. Before accepting an offer, estimate what is left after debt, transaction costs, taxes and any money held back at closing. Keep the cash you get at closing separate from payments that depend on the buyer's future performance.

Worksheet 5 at the back of this guide walks through the math. Your CPA should fill in the tax line.



07 CHAPTER 7

Due diligence to closing

After you accept an offer, the buyer spends 30 to 60 days checking that everything you said is true. More deals fall apart in this stage than any other, usually over surprises the seller could have disclosed up front.

What the buyer will ask for

- Three years of tax returns and financial statements, plus the current year to date
- Bank statements that tie to reported revenue
- Proof of every add-back in your SDE
- The lease, and any equipment leases or loans
- Customer and vendor contracts
- Payroll records and an employee list with pay and start dates
- Licenses, permits and insurance policies
- An equipment list and current inventory

The documents checklist at the back of this guide covers the full list. Gather it before you list, not after you accept an offer.

Florida items to plan for

- **Sales tax.** Florida can hold a buyer responsible for a seller's unpaid business taxes, so the buyer's attorney will want proof yours are current. Part of the price may be held in escrow until that is confirmed. Your attorney will handle the process.
- **Lease assignment.** Most South Florida commercial landlords must approve a new tenant. Many will ask for the buyer's financials and a personal guarantee. Start this early, because it often sets the closing date. A

new tenant taking over your lease does not automatically release your personal guarantee. The same goes for equipment leases and loans. Have your attorney confirm which obligations end at closing and get the releases in writing.

- **Licenses.** State and local licenses, such as a liquor license, contractor license or health permit, may need to be transferred or reissued. Some take weeks.
- **Local business tax receipts and fictitious name filings** need to be updated for the new owner.

The closing

Your attorney and the buyer's attorney will finalize the purchase agreement, bill of sale, non-compete, and lease assignment. On closing day, funds are wired, documents are signed, and keys change hands. Many South Florida closings now happen without anyone in the same room.

What you are still responsible for after closing

Signing the purchase agreement does not always end your responsibility for the business. In plain terms:

- **Representations and warranties.** These are the statements you make about the business in the agreement, such as "the financials are accurate" or "there are no pending lawsuits." If one turns out to be wrong, the buyer may have a claim against you.
- **Indemnification.** You agree to cover the buyer's losses from certain problems that started before closing.
- **Escrow holdback.** Part of the price may be held back for a set period to cover those claims.
- **Retained liabilities.** Debts and obligations the agreement leaves with you.

With your attorney, negotiate a cap on what you can owe, a deadline after which claims end, and a clear process for raising them.

After closing

Most sellers stay on for 2 to 8 weeks to train the new owner, introduce key customers and vendors, and help with the handoff. Put the transition plan in writing: hours, duties, any pay, and an end date. If you are carrying a seller note, a smooth transition protects your own payments too.

Your advisors

You will need a transaction attorney and a CPA who have done business sales before, not just your general business attorney and tax preparer. Bring them in before you accept an offer so their advice shapes the deal instead of reacting to it.

08 CHAPTER 8

Why owners use a broker, and how we work



You can sell a business on your own. Most owners who try find it is a second full-time job, done while running the first one, with their confidentiality on the line the whole time.

What a broker does that is hard to do alone

- Prices the business from closed-sale data, not asking prices.
- Keeps your name out of the market and screens every buyer before they learn who you are.
- Reaches buyers through the Business Brokers of Florida MLS, the major listing sites and a private buyer database.
- Takes the calls, the tire-kickers and the follow-ups so you can keep running the business.
- Knows what SBA lenders and South Florida landlords will require, and prepares for it early.
- Negotiates with some distance from the deal, which owners rarely have about their own business.

How KMF works with sellers

01

Confidential conversation

We learn about your business and your goals. No cost and no obligation.

02

Valuation

We recast your financials, calculate SDE and give you a realistic price range.

03

Preparation

We build the confidential business review and blind listing, and flag issues early.

04

Marketing

Your business goes out to qualified buyers through every channel, without your name.

05

Screening

Every buyer signs an NDA and shows funds before seeing details.

06

Negotiation

We compare offers on cash at closing, risk and financing, not just price.

07

Closing

We coordinate the buyer, lender, landlord and both attorneys until it closes.

08

You move forward

Paid, transitioned, and on to what is next. Keep moving forward.

What hiring us involves

Every seller signs an engagement agreement before we market the business. It spells out the commission, how long the agreement runs, whether it is exclusive, how either side can end it, and whether a commission applies if a buyer we introduced closes after it ends. We walk through every term with you before you sign.

About KMF Business Advisors

KMF Business Advisors is a licensed Florida business brokerage based in Boca Raton. We help owners in Palm Beach and Broward Counties sell businesses valued from $100,000 to $10 million, confidentially. We are members of the Business Brokers of Florida and the International Business Brokers Association, and our clients have rated us 5.0 across 195 Google reviews.

TOOLS

Worksheets

Use these to get a head start. Bring them to your first conversation with us and we can move faster.

Worksheet 1. Your SDE estimate

Use your most recent full year of tax returns.

Line	Amount
Net profit (from your tax return)	$
+ Owner salary and payroll taxes	$
+ Owner health insurance and benefits	$
+ Personal vehicle, phone and travel	$
+ Interest expense	$
+ Depreciation and amortization	$
+ One-time expenses (describe)	$
= Seller's Discretionary Earnings	$
x Multiple for your industry (we provide this from closed sales)	$ to $

Only add back expenses already deducted in your net profit, and count each one once. This gives you a starting SDE, not a value. The right multiple comes from closed sales in your industry, and we will bring those to our first conversation.

Worksheet 2. Sale-readiness score

Give yourself 1 point for each "yes."

Question	Yes / No
Three years of financial statements match my tax returns	
Revenue has grown or held steady for three years	
The business could run for two weeks without me	
No single customer is more than 10% of sales	
My lease has at least 3 years left, or a renewal option	
My lease can be assigned to a buyer	
All licenses and permits are current	
Equipment is in good working order	
Key processes are written down	
I have no open lawsuits or tax disputes	
Total	**/ 10**

Use your score to start a conversation, not as a verdict. One serious lease or license problem can outweigh nine "yes" answers.

Worksheet 3. Documents to gather

- [ ] Federal tax returns, last 3 years
- [ ] Profit and loss statements and balance sheets, last 3 years plus year to date
- [ ] Bank statements, last 12 months
- [ ] Florida sales tax returns, last 3 years
- [ ] Payroll reports and employee list
- [ ] Commercial lease and any amendments
- [ ] Equipment list with approximate value
- [ ] Inventory count and value
- [ ] Customer and vendor contracts
- [ ] Licenses, permits and local business tax receipts
- [ ] Insurance policies
- [ ] Loan and equipment lease documents
- [ ] Documentation for every add-back
- [ ] Owner and partner approvals needed to sell
- [ ] List of all debts and liens
- [ ] Receivables and payables aging reports
- [ ] Customer list with each one's share of revenue
- [ ] Franchise agreement and franchisor approval process, if a franchise
- [ ] Proof of ownership for the website, domain, phone numbers, trademarks and software accounts
- [ ] Draft transition plan: training hours, duties, any pay, end date

Worksheet 4. Your goals and timing

Question	Your answer
Main reason I am selling	
When I would like to be out	
The lowest price I would accept	
How much I need in cash at closing	
Would I consider financing part of the price?	
How long I am willing to stay after closing	
What matters most for my employees	
My single top priority	

Worksheet 5. What you keep

Fill this in for each offer you are considering.

Line	Amount
Cash paid to you at closing	$
- Loans and liens paid off at closing	$
- Broker commission	$
- Legal and accounting fees	$
- Other closing costs and adjustments	$
- Escrow holdback (paid later, if no claims)	$
- Estimated taxes (from your CPA)	$
= Cash you keep at closing	$
+ Seller note payments, over time	$
+ Earnout payments, if targets are met	$
+ Escrow released later	$

The bottom three lines depend on the buyer and the business after you leave. Treat them as possible, not certain.

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CONFIDENTIAL BUSINESS SALES

Your next step: a confidential valuation

You now know how buyers value a business. The next question is what yours is worth today, and what would raise that number.

- Your SDE, recast from your actual financials
- A realistic price range based on closed sales, not asking prices
- The two or three changes most likely to raise your price
- A straight answer on whether now is the right time to sell

There is no cost and no obligation. We handle every inquiry discreetly and protect your information.

YOUR KMF TEAM



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Keep Moving Forward

This guide is general information, not legal, tax or financial advice. Every sale is different. Talk to your attorney and CPA about your situation.