ADVISORY | TRANSACTION & EXIT READINESS

Transaction & Exit Readiness Getting-Started Guide

A practical introduction to the financial information, supporting documentation, and management readiness that can help reduce surprises when a transaction becomes real.

Readiness begins before a buyer appears

Early preparation can help leadership understand information gaps, protect management capacity, and avoid trying to solve years of reporting or documentation issues under a transaction deadline.

What this guide helps you do

- Start an informed discussion about objectives, timing, and internal capacity.
- Identify a small set of financial and operational information to organize first.
- Recognize common readiness issues that may require more time or specialized advice.

How to use it

1	**Clarify** Discuss what leadership and owners want to accomplish and what is known about the potential timeline.
2	**Organize** Gather a focused set of financial, operational, legal, tax, and governance information.
3	**Assess** Identify the questions that cannot be answered consistently or supported promptly.

Keep the scope in perspective

This guide is not a valuation, quality-of-earnings report, financial due diligence, investment-banking engagement, tax structuring analysis, legal review, or transaction execution plan. Those services require appropriate specialists and a scope tailored to the transaction.

Ten Questions to Start the Readiness Conversation

Objectives & timing

- Why are the owners or governing body considering a transaction or transition?
- What outcomes matter besides price - timing, legacy, employees, control, or continued involvement?
- Is there a working timeline, even if no buyer or investor has been identified?

[ ] Yes [ ] Needs attention [ ] Not sure

Financial information

- Are monthly financial statements complete, consistent, and timely?
- Can management explain revenue, margin, cash flow, working capital, and major adjustments?
- Are significant balance-sheet accounts supported and reconciled?

[ ] Yes [ ] Needs attention [ ] Not sure

Performance & outlook

- Are the primary business drivers and KPIs defined and consistently measured?
- Is there a supportable forecast with assumptions leadership can explain?

[ ] Yes [ ] Needs attention [ ] Not sure

Management & capacity

- Can the business respond to information requests without disrupting normal operations?
- Are key responsibilities, customer relationships, and institutional knowledge overly dependent on one person?

[ ] Yes [ ] Needs attention [ ] Not sure

What to look for

Questions answered differently by different leaders, unsupported numbers, or repeated Not sure responses often indicate that preparation should start with a focused diagnostic rather than a full data-room build.

Three immediate discussion points

- What information would a sophisticated outsider need to understand the business?
- Which financial or operational story is hardest for management to support with consistent data?
- What would consume the most management time if a diligence request arrived next month?

Documents to Begin Organizing

Start with a focused list. A full diligence request will be broader and should be tailored to the transaction, industry, and buyer.

Financial reporting	
Three years of annual financial statements and the most recent year-to-date statements.	[ ] Ready [ ] In progress [ ] Not started
Monthly trial balances or general-ledger detail for the periods management relies on.	[ ] Ready [ ] In progress [ ] Not started
Support for significant balance-sheet accounts, debt, and equity activity.	[ ] Ready [ ] In progress [ ] Not started
Revenue, gross-margin, and profitability information by the views management uses.	[ ] Ready [ ] In progress [ ] Not started
Planning & performance	
Current budget or forecast and the assumptions supporting it.	[ ] Ready [ ] In progress [ ] Not started
Key financial and operating KPIs, including definitions and source systems.	[ ] Ready [ ] In progress [ ] Not started
Customer, vendor, project, location, or service-line concentrations relevant to the business.	[ ] Ready [ ] In progress [ ] Not started
Operations, governance & compliance	
Organization chart and key management responsibilities.	[ ] Ready [ ] In progress [ ] Not started
Material contracts, debt agreements, leases, and major commitments.	[ ] Ready [ ] In progress [ ] Not started
Tax returns, significant tax positions, legal matters, and regulatory correspondence for specialist review.	[ ] Ready [ ] In progress [ ] Not started
Policies, board or owner approvals, and other governance records relevant to significant decisions.	[ ] Ready [ ] In progress [ ] Not started

A simple organization rule

Use clear folders, consistent file names, period labels, and a single owner for the request list. Keep a log of open questions and avoid placing unsupported draft answers in the core data set.

Common Readiness Issues and a Practical Next Step

Issues that often slow diligence

- Late or inconsistent monthly close processes.
- Unsupported balance-sheet accounts or recurring unexplained adjustments.
- Revenue, margin, or KPI definitions that change by report or preparer.
- Forecasts that are disconnected from operational drivers.
- Information concentrated with one person or assembled manually under pressure.

A focused 90-day starting plan

- Days 1-30: clarify objectives, assign an internal lead, and identify the highest-risk information gaps.
- Days 31-60: stabilize selected reconciliations, reporting definitions, and supporting schedules.
- Days 61-90: test the organization’s ability to answer a short diligence request consistently and promptly.

When deeper support may be appropriate

- Leadership cannot reconcile or explain significant historical results, trends, or balance-sheet accounts.
- The organization needs a defensible forecast, normalized reporting view, or diligence-ready information package.
- Management capacity is limited or transaction preparation must occur alongside the normal close and reporting cycle.
- The potential transaction introduces complex accounting, tax, legal, regulatory, valuation, or financing questions.

How JConner can help

JConner can help organize financial information, strengthen close and reporting processes, prepare supporting schedules, clarify management reporting, coordinate readiness workstreams, and help leadership prepare for diligence. Learn more at jconnerpc.com.

Selected references

PwC, Exit strategies for owners of a private company
https://www.pwc.com/hu/hu/assets/pdf/pwc_private_company_exit_strategies.pdf

PwC, A practical use case for transformation risk in M&A;
https://www.pwc.com/us/en/services/audit-assurance/library/m-and-a-transformation-risks.html

U.S. Small Business Administration, Close or sell your business
https://www.sba.gov/business-guide/manage-your-business/close-or-sell-your-business