



CLYOPS A FIELD GUIDE FOR UK BUSINESS OWNERS

# The Exit-Ready Business

What buyers actually pay for, and what quietly costs you a fortune.

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Worth more when you leave  
than the day you started.

CLYOPS.COM

# What this guide covers

A plain account of how the person writing the cheque actually thinks, and what decides the price they are willing to pay.

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# The one sale you have never made before

# 01

Most owners build a business over decades and sell it once. The most important financial event of a working life is the single transaction you have never rehearsed, will do only one time, and too often hand to chance, or to whoever happens to be in the room when the question first comes up.

That is a strange way to treat the largest cheque you will ever receive, and it is the norm. The skills that built the company, years of judgement, grit and knowing every corner of it, are not the skills that sell it well. Selling well is a separate discipline, practised from the buyer's side of the table and learned the hard way by people who only ever get one attempt at it.

This guide is written to give you that discipline before you need it. It is not a sales document and it is not theory. It is a plain account of how the person writing the cheque actually thinks, what moves the price they are willing to pay, and what quietly costs owners a fortune without their ever knowing it happened.

A word on where it comes from. I am not a consultant who has studied businesses from the outside. I have built and run them, across food production, global export, property and care home development. I know what it takes to build something real, and I know how differently a buyer sees it from the inside. Everything here is written from that side of the table, in the language of the people who will one day value your life's work in an afternoon.

It is for owners of established, profitable UK businesses who are thinking about an exit, whether that is next year or five years out. If that is you, the single most valuable thing you can do long before you sell is understand precisely how you will be judged. That is what the pages that follow are for.

# The idea that decides the number

# 02

There is one idea underneath everything in this guide, and it is worth more than all the rest put together. The value of your business is not your profit. It is a buyer's confidence in your profit.

It helps to be precise about how a price is actually formed. When a business changes hands, the figure is usually expressed as a multiple of its maintainable profit, most often EBITDA, the earnings before interest, tax, depreciation and amortisation. A buyer settles on the profit they believe the business will sustain under their ownership, and pays some number of years of it today. That number, the multiple, is not handed down by your sector. Within the same industry, at the same size, one business may command four times earnings and another seven. The spread is wide, and it is almost entirely a measure of risk.

A high multiple is a buyer saying, in the only language that counts, that they are confident the profit will continue and grow. A low one is the same buyer hedging against the chance that it will not. Two owners can therefore earn an identical profit and receive offers a world apart, and the difference between them is not luck or timing. It is everything they did, or failed to do, to make that profit look certain.

**Profit** × **Confidence** = **Price**

The multiple a buyer pays is the confidence. Build the confidence, and you build the price.

A pound of profit a buyer can rely on, and a pound they have to take on trust, are not worth the same. The first is an asset. The second is an argument.

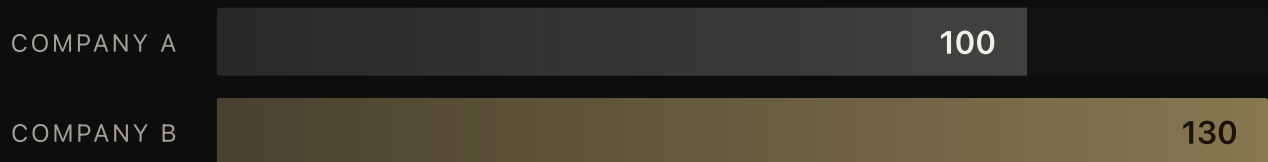
AN ILLUSTRATION, NOT A CLIENT

# Two businesses, the same profit

Picture two companies in the same sector, each earning the same profit. On a spreadsheet they are identical. To a buyer they are nothing alike.

WHAT A BUYER CHECKS	COMPANY A	COMPANY B
Runs without the owner	AT RISK	STRONG
Depth of management	AT RISK	STRONG
Quality of earnings	DEVELOPING	STRONG
Durability of revenue	AT RISK	SOLID
Customer concentration	AT RISK	SOLID
Systems and documentation	AT RISK	STRONG
Growth trajectory	DEVELOPING	SOLID

**Company A** is the business as most owners reach a sale: built to be run, not to be bought. The owner holds the relationships, the numbers are filed once a year, a third of revenue sits with one client. It attracts one cautious buyer at a discounted multiple, much of the price tied to an earn-out. **Company B** is the same company, prepared: a team runs the day to day, the accounts are audit-standard, revenue is spread and contracted, the data room was built before anyone asked. It draws several buyers and is paid close to full value at completion.



Indexed and illustrative. Same profit. The prepared business, almost a third more.

# What a buyer is actually buying

# 03

To see your business the way a buyer does, be precise about what they are purchasing. They are not buying last year's profit; that money is already spent. They are buying a claim on the next several years of it, paid for today, with their own capital and usually their own borrowing. Everything that makes those future years look less certain is, to them, a reason to pay less now.

Start with the number itself, because the profit in your accounts is rarely the profit a buyer capitalises. They will normalise it: stripping out one-off and exceptional items, restating your own salary and benefits to a market rate for the job, removing costs that will not continue and adding back those a new owner still would. What they arrive at is your maintainable earnings, the profit the business can be relied on to repeat under new ownership. A great deal of every deal is the argument over that single figure, and the owner who has already built it, honestly and defensibly, with the add-backs evidenced, sets the terms of the discussion instead of reacting to them.

Then look at who is across the table, because they are not all buying the same thing. A **trade buyer**, a competitor or a larger firm in your space, can often pay the most: they strip out duplicated cost and fold your revenue into their own, so a pound of your profit is worth more in their hands than in yours. A **private equity** buyer underwrites a return over a defined hold and prices the risk, the debt and above all the management team forensically. An **individual or management buy-out** is usually the most price-sensitive and the most dependent on funding falling into place. Knowing which of these to bring to the table, and what each is really paying for, is half of running a good process.

Underneath all of them sits the same mechanism. If a discount is the price of doubt, then removing the doubt recovers the discount, and almost every doubt is the ordinary, fixable consequence of having run the business to operate rather than to sell.

**The owners who do best are not the ones with a perfect business. They are the ones who found the gaps first, closed the ones that mattered, and walked in with the evidence already in hand.**

# The four questions every buyer asks

# 04

Strip away the spreadsheets and the legal language, and a buyer is really asking four questions. The seven things that move the price most are the answers, and each is something you can build.

1

## Can it run without you?

The first risk a buyer prices, and the largest discount most owners unknowingly carry to market.

Owner-independence · Depth of management

2

## Can the numbers be trusted?

Whether your profit is believed, and how solid the figure the entire deal is built upon really is.

Quality of earnings · Durability of revenue · Customer concentration

3

## Can it be handed over?

Whether the business can survive changing hands, or whether too much of it walks out with you.

Systems and documentation

4

## Is it going somewhere?

Whether they are paying for the past, or backing a future they can see and believe.

Growth trajectory

# Can it run without you?

## ● Owner-independence

Owner-dependency is the single most common cap on value in owner-managed businesses, and the least understood by the people it affects. Owners wear it as a badge of how indispensable they are; a buyer reads the identical fact as risk. If the key customer relationships, the pricing decisions, the supplier terms and the technical know-how all run through you, the buyer is not acquiring a business so much as a role, and pricing the very real chance that performance drops the day you stop filling it.

### HOW A BUYER TESTS IT

Directly and indirectly: what happens if you are unavailable for three months. It surfaces in management meetings, in the org chart, and in the shape of the offer, which is why dependency so often reappears as an earn-out, deferred consideration, or a multi-year service agreement that keeps you tied in long after completion.

### WHAT GOOD LOOKS LIKE

Relationships held by named managers and by the company, not your mobile. Decisions made to a documented authority without waiting for you. A real, recorded stretch of time over which the business performed while you were out of it. That record is the asset; the claim alone is worth nothing.

## ● Depth of management

A business that runs on one person is, to a buyer, a job rather than an asset. A management team that already runs the day to day, and could inherit the company, is one of the quietest and largest drivers of value, and of a buyer's confidence to complete at all. It is also what decides whether you are paid in full at completion or kept working for years to prove the business survives you.

### HOW A BUYER TESTS IT

Management presentations are as much about the team as the numbers. A buyer wants to meet the people who will still be there after you leave, confirm they hold genuine responsibility, and satisfy themselves the business is not one resignation away from trouble. Key-person risk is priced, and priced against named individuals.

### WHAT GOOD LOOKS LIKE

A second tier carrying real profit-and-loss responsibility, incentives that make them want to stay through and beyond a sale, and a credible answer to the question every buyer asks: who runs this on the first morning after you have gone?

## Can the numbers be trusted?

### ● Quality of earnings

Before a buyer values your profit, they have to believe it, and serious buyers do not take it on trust. They commission a quality-of-earnings review, an independent forensic look at whether your reported profit is real, sustainable and properly stated. Clean management accounts that reconcile to your filed numbers, with revenue recognised correctly and margins that hold up to questioning, are worth money in themselves, because they let a deal proceed on confidence rather than suspicion.

#### HOW A BUYER TESTS IT

The review rebuilds your profit from the ground up: revenue recognition, one-off items, margin trends, working-capital movements and the reliability of your monthly reporting. Every inconsistency it finds is a thread to pull, and every pulled thread is a reason to chip the price or widen an indemnity.

#### WHAT GOOD LOOKS LIKE

Management accounts produced monthly, quickly, and to a standard a buyer's accountants can verify in days rather than argue over for months. A clear, defensible bridge from reported profit to maintainable earnings. Nothing waiting in the detail to be discovered.

### ● Durability of revenue

Income that renews is worth materially more than the same income won again from scratch each year, because it gives a buyer a floor to underwrite instead of a hope to fund. The mix between contracted, recurring, repeat and one-off revenue is among the first things a buyer dissects, and it shapes the multiple as directly as the profit does.

#### HOW A BUYER TESTS IT

They analyse revenue by type, by contract length and by customer cohort, looking at retention and churn across several years and at how much of next year is already secured rather than still to be won. Contracts that transfer cleanly on a change of ownership are valuable; revenue that depends on your personal relationships is discounted.

#### WHAT GOOD LOOKS LIKE

A rising share of contracted or recurring income, agreements that renew on their own and survive the sale, and the data to prove customers stay. A retention curve is worth a hundred assurances.

## ● Customer concentration

Concentration cuts both ways. A marquee client looks like strength until a buyer realises that losing it would halve the business, at which point it becomes the single largest risk in the deal. As a rough rule, once any one customer passes roughly a fifth to a quarter of revenue, a buyer begins pricing for the day it leaves, and they will assume it might leave precisely because ownership is changing.

### HOW A BUYER TESTS IT

They map revenue and, more tellingly, gross profit by customer, examine the length and security of each relationship, and stress-test the business on the loss of the top one or two. Concentration in profit is often worse than concentration in revenue, and they will find it.

### WHAT GOOD LOOKS LIKE

Revenue spread so no single customer can move the outcome with one decision, key relationships contracted and held by the company, and a demonstrable record of winning and keeping a broad base.

## Can it be handed over?

### ● Systems and documentation

What is not written down cannot be safely handed over, and what cannot be handed over is hard to buy. When the knowledge of how the business actually runs lives only in a few heads and in years of undocumented habit, a buyer sees a company that may not survive the transfer, however good the numbers. Documenting the operation, and assembling the data room before anyone asks, is what turns the company from a person into a transferable asset.

### HOW A BUYER TESTS IT

The data room is the test. A complete, well-ordered, quickly-answered data room signals a business run properly and ready to inherit; a thin or chaotic one signals the opposite and invites a buyer to wonder what else is missing. Diligence is, in large part, an audit of how legible your business is.

### WHAT GOOD LOOKS LIKE

Documented processes for the things that matter, clean contracts and records, systems that hold the knowledge rather than individuals, and a data room built in advance, so diligence becomes confirmation rather than excavation.

## Is it going somewhere?

### ● Growth trajectory

A demonstrable growth story shapes the multiple as much as the profit itself. A buyer who can see credible momentum is paying for the future, which is always the larger number, while a buyer underwriting a flat or declining business is only ever paying for the past. The trajectory you can evidence, and the believable runway ahead of it, is part of what you are selling.

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#### HOW A BUYER TESTS IT

They examine multi-year revenue and margin trends, the pipeline, the size of the addressable market, and whether your growth is structural or a one-off. Above all they test whether the story is yours to prove or theirs to take on faith, and they pay for the version their own analysis confirms.

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#### WHAT GOOD LOOKS LIKE

A genuine, evidenced trajectory, a pipeline and market that support more of it, and a clear account of where the next phase of growth comes from, so the buyer is underwriting a plan rather than a hope.

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### The thread through all four: evidence, not assertion

Each strength is worth far more proven than merely claimed. "Our customers stay for years" is a sentence; a retention curve is proof. "The business runs without me" is a hope; an organisation chart, documented processes and a management team in place are evidence. Buyers pay for what they can verify and discount what they have to take on trust. That is the entire reason preparation works: it genuinely reduces the risk a buyer is asked to carry, and then hands them the proof. Do that across all four questions, and the same profit, prepared, becomes a very different number.

# The most expensive mistake is leaving it late



Almost everything in the four questions is fixable. Almost none of it is fixable quickly. You cannot rebuild your reporting, unwind a decade of dependency and diversify your revenue in the weeks before a sale. That work takes months or years, and it has to be done while the business is still being run, not while it is being sold. The runway you give yourself decides how much of the gap you can close, and in what order.

The sequence matters. The quick work, tidying the data room, normalising the accounts, formalising loose contracts and documenting how the place runs, can be done in months and should be done first. The structural work, reducing customer concentration, lengthening contracts, building the management layer and moving relationships off yourself, is measured in one to two years. The deepest work, genuinely re-engineering dependency and building durable, recurring revenue with a multi-year record to prove it, is the province of three years and more, and it is also where the largest gains sit.

## 3 to 5 years

Re-engineer dependency, build durable revenue, compound a proven record. The ideal runway, and the largest gains.

## 1 to 2 years

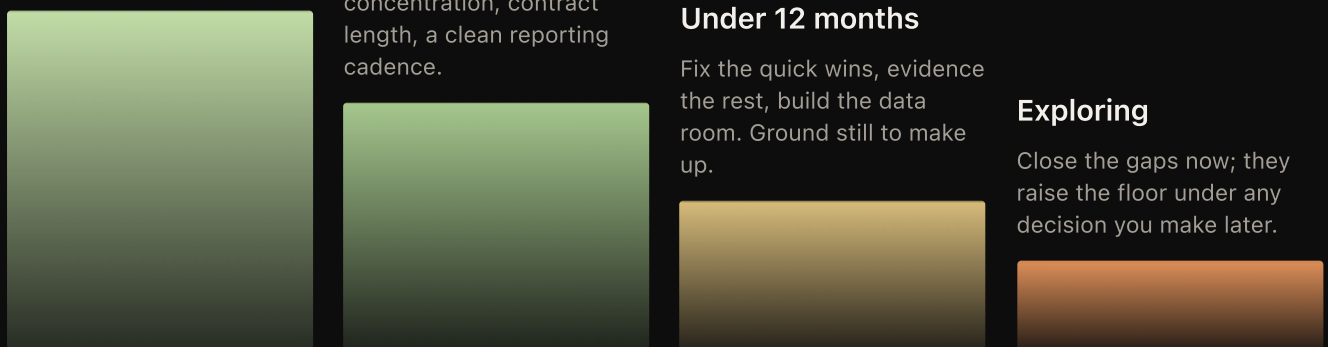
Move the number materially: management, concentration, contract length, a clean reporting cadence.

## Under 12 months

Fix the quick wins, evidence the rest, build the data room. Ground still to make up.

## Exploring

Close the gaps now; they raise the floor under any decision you make later.



MORE RUNWAY, MORE VALUE RECOVERABLE

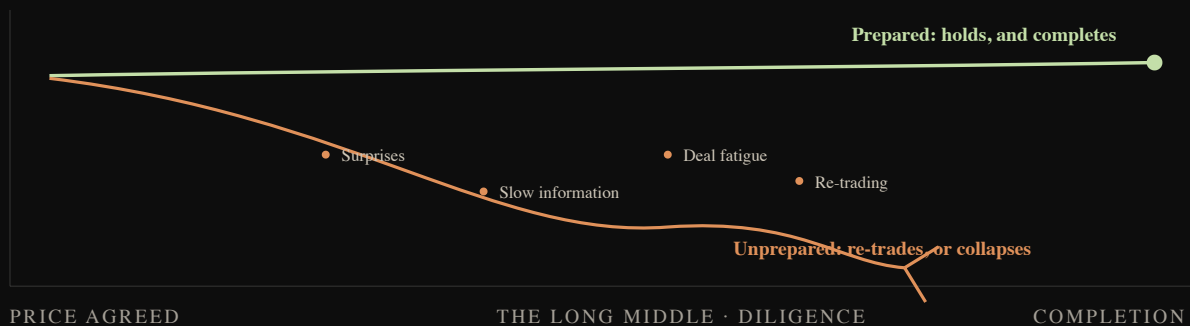
LESS RUNWAY

There is a quiet bonus, worth stating plainly. A business that runs without you, reports cleanly and stands on its own is not only worth more, it is far better to own in the years before you sell. The work that makes a company attractive to a buyer is the same work that makes it a pleasure to keep. Preparation pays you twice: once in the years you still own it, and again on the day you leave.

# The long middle, where good deals die

# 06

A surprising number of agreed deals never complete. The price is shaken on, the heads of terms are signed, and then, weeks or months later, it quietly falls apart. The danger is rarely in the offer. It is in the long middle, between an agreed price and a signed contract, where diligence happens and momentum either holds or leaks away. Once a price is agreed and you have granted exclusivity, the buyer stops selling themselves to you and starts looking for reasons to pay less, or to walk.



Most deals are killed not by one big problem, but by a dozen small ones in the data room.

Diligence runs in parallel workstreams, and each is a place a deal can snag. **Financial and quality-of-earnings**, where your numbers are rebuilt and tested. **Legal**, where every contract, lease, claim and corporate record is examined. **Commercial**, where the buyer pressure-tests your market, your customers and your pipeline. And **tax and structuring**, where how the deal is done can change what you actually keep by more than a turn of the multiple.

## The price is not the money you keep

The figure on the front page of an offer is rarely the money that reaches your account. It is shaped by the contract behind it, and every clause is negotiated. You give **warranties and indemnities**, formal promises about the state of the business, and you protect yourself by what you **disclose** against them. A slice of the price is often held back in **escrow or retention** against those promises. The final number may be struck on **completion accounts** or fixed in advance through a **locked-box**, and a working-capital target sits underneath, quietly worth a great deal. And a portion may sit in **deferred consideration** or an **earn-out** that pays only if the business performs after you have sold it.

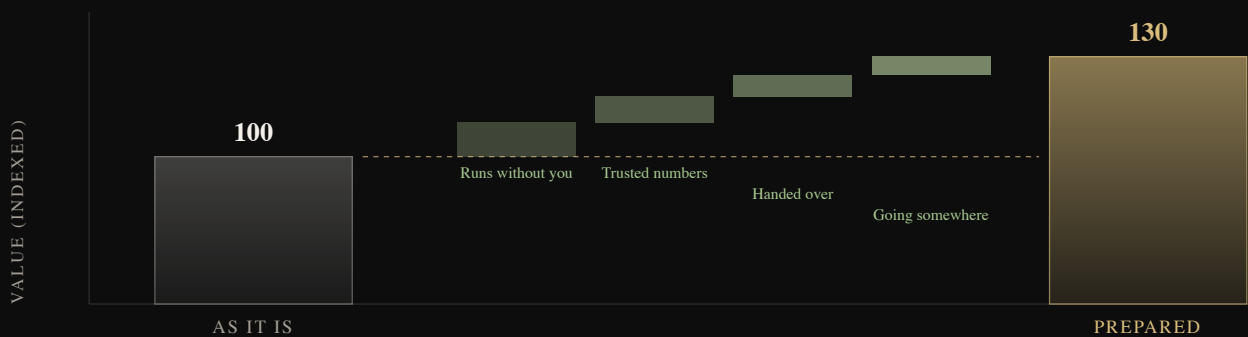
Each of these is somewhere an unprepared seller loses ground they did not know was in play. The owner who understands them, and who prepared the business so the warranties are easy to give and the disclosures hold no surprises, keeps far more of the headline than the owner who meets them for the first time across the table, exhausted, at the end of a long process.

**A buyer who finds enough loose ends will use them to reopen the price, usually late, when you are most committed and least able to walk. The defence is not toughness in the moment. It is having removed the loose ends months before.**

The rest is momentum, and momentum is a discipline rather than luck. Someone has to run the buyer's questions, hold the advisers on both sides to the timetable, and refuse to let the process drift into the silence where deals quietly die. That is the work of a broker who already knows the business from the inside, with the answers ready before the questions, rather than one learning it while trying to defend it.

# Where you actually stand

Everything here points to a single, practical question: where does your business stand today, in front of a buyer, and what would it be worth prepared? The honest answer is usually a gap. On one side, the value of the business as it is. On the other, the value the same business could carry once the gaps that matter are closed. That distance is not created by the market or the timing. It is created by preparation, the one part of the process you still control.



Same business, same profit. Indexed and illustrative; the value axis is truncated. The gap is commonly a fifth to a third, sometimes more.

What you can do, right now and at no cost, is get a structured read on where you stand. The Exit-Readiness Diagnostic asks eleven questions, takes about three minutes, and scores your business across the seven drivers the way a buyer would, with an indicative range, as you are against prepared. Knowing how you will be judged, before a buyer ever judges you, is the single most useful thing an owner can hold.

# About ClyOps

ClyOps is an operator-led exit advisory for owners of established UK businesses. We do two things, in order. First we make the business genuinely worth more, finding where the value is concentrated or quietly leaking away and fixing it the way an operator would, not the way a spreadsheet would. Then we take it to market and find the right buyer, on the right terms.

## Exit Preparation

The work of building value in while there is still time for it to count. We turn an owner-dependent company that is hard to value into one that is provably well run and ready for scrutiny, with the evidence that lets a buyer underwrite the future.

## Sale Brokerage

Taking the prepared business to market quietly, seller-side only, to buyers who can genuinely complete. Because we prepared it, we broker it from the inside, and hold the deal together through the long middle.

We act for one side of a deal at a time. We are seller-side, and we are paid on the result, against an independent baseline fixed in writing at the start, so from the first day your interests and ours are the same.

THE HONEST FIRST STEP

## Understand where you stand, before a buyer does.

The free Exit-Readiness Diagnostic. Eleven questions, about three minutes, completely confidential. It commits you to nothing.

[clyops.com](https://clyops.com)