

BUSINESS VALUATION CHECKLIST



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PREPARE YOUR BUSINESS FOR MAX VALUE

Don't be naive when it's time to negotiate. Empower your business by keeping the endgame in sight—whether you're scaling or selling. Too often, business owners enter discussions without thorough, comprehensive preparation. This guide demystifies the basics of business valuation, equipping you to grow and showcase your company's value to potential buyers or partners.

THE MOST COMMON MISTAKE WHEN SELLING IS LACK OF PREPERATION



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TELL A WINNING STORY

- ☐ **Craft Your Pitch**
Write a 3-part story: Past wins, current strength, future potential
- ☐ **Visualize Success**
Create a 1-page infographic with key stats (revenue, team structure, market share)
- ☐ **Quantify Potential**
Estimate untapped opportunities (e.g “New region = \$2M revenue)

SHOW THE NUMBERS

- ☐ **Historical Financials**
Clean up the books and format financials. Rather than dumping a giant P&L from your chart of accounts, group similar income and expenses into logical categories. This approach allows you to spotlight the line items that truly drive operations.
- ☐ **Pro Forma**
Provide 3 years of clean P&L, balance sheet, and cash flow projections. Taking into consideration purchases and adjusted for one-time incomes or epxenses
- ☐ **Normalize Earnings**
Recast financials to adjust for: one time and non recurring items, owners compensation and personal expenses, non-operation income and expenses, discretionary spending, and non-cash expenses.

DETAIL THE BLUEPRINT

- ☐ **Prioritize People**
Identify your key team members and develop clear strategies for attracting and retaining top talent. Document role responsibilities, emphasizing the technical and business expertise that enables growth.
- ☐ **Optimize Systems**
Map out workflows to spot bottlenecks and optimize efficiency.
Streamline your tech stack by cutting redundant tools. License the wheel, but own the driving: Invest in custom software and automation that boost value and make your business easier to transition.
- ☐ **Readiness Scorecard**
Every 90 days, rate your business from 1 to 10 across the board: Leadership & Management, Financial Performance, Operational Efficiency, Market Position, Human Capital, Systems & Technology, and Risk Management. Review the results with insiders and outsiders to keep adjustments sharp and unbiased. By consistently running this scorecard, you’ll track improvements since last time, gauge exit and market readiness, and spot opportunities still on the table.

COMMON PITFALLS

- ☐ **Undervaluing**
- ☐ **Poor Transition Planning**
- ☐ **Failing to Differentiate**
- ☐ **Underestimating Due Diligence**



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