PREVAIL
TRANSACTION PARTNERS

FOR PROFESSIONAL ADVISORS

Exit Planning Discussion Guide

A conversation framework for the first real exit planning discussion — what to ask, in what order, and what to listen for underneath the answers.

How to use this guide

This is a structure for a discovery conversation, not a questionnaire. You will not get through every question, and you should not try to. The five sections move in the order that works: personal first, money second, business third, options fourth, risk last.

That order matters. Owners who are asked about EBITDA before they are asked what they want their life to look like tend to give you the answers they think a professional wants to hear. Start personal and the rest of the conversation is more honest.

Five principles

01 **Listen more than you talk** — this is discovery, not prescription. If you are talking more than a third of the time, you are doing it wrong

02 **Follow their goals, not your solutions** — the recommendation comes later, and it will be better for having waited

03 **Make it judgment-free** — many owners have never said these things out loud to anyone, including their spouse

04 **Build clarity before recommending** — a recommendation offered before the picture is clear will be wrong, and they will remember that

05 **Treat it as personal, not financial** — the financial questions are the easy half. The other half is what actually stalls transactions

ADVISOR NOTE

Budget ninety minutes and expect to use all of it. If the conversation runs short, it usually means the questions stayed on the surface. If it runs long, that is a good sign — schedule a second one rather than rushing the last two sections.

Setting the stage

How you open determines how honest the next ninety minutes will be. The goal of the first two minutes is to take the pressure out of the room.

SAY IT LIKE THIS

"Thank you for taking the time today. I know exit planning can feel distant, or even uncomfortable to think about — especially when the business is doing well. But the best planning happens when nobody is under pressure. My goal today is just to understand where you are, what matters most to you, and how we might help you prepare for whatever comes next. Whether that's five years from now or fifteen."

Set expectations explicitly

Say these four things out loud. Owners relax measurably once they hear them.

- This is a discovery conversation, not a sales pitch
- There are no wrong answers and nothing here is a judgment
- Some questions will not have answers yet — that is normal and it is useful information
- Everything discussed is confidential

SECTION 01

Personal goals

Exit planning starts with personal clarity. What the owner wants from life after the business frames every decision that follows it.

MOTIVATION AND TIMING

- What's prompting you to think about exit planning now?
- When you picture your ideal timeline, what comes to mind?
- Is this something you're actively planning for, or more of a someday consideration?
- Are there outside factors shaping your thinking — family, health, market conditions?

LIFE AFTER THE BUSINESS

- What does life look like for you after you exit?
- Retire fully, start something new, or stay involved part-time?
- How do you want to spend your time?
- Have you talked about this with your family or key stakeholders?

LEGACY AND VALUES

- What do you want your legacy with this business to be?
- How important is it that the culture and values survive the transition?
- What concerns do you have about your employees afterward?
- Is there anyone specific you'd want to stay involved — family, management?

ADVISOR NOTE

Watch for emotional cues more than content here. Many owners have never articulated these thoughts, and the answers often change over the course of the conversation. When someone hesitates or backtracks, that is the thread worth pulling — gently.

SECTION 02

Financial requirements

This determines whether the business as it stands can actually deliver the life they just described. Often it cannot yet, and that gap is the most useful thing you will find today.

FINANCIAL CLARITY

- Have you worked with a financial advisor to determine your number — what you need to maintain your lifestyle?
- What do you expect your annual expenses to be after you exit?
- What other income or assets do you have outside the business?
- Are there major expenses on the horizon — education, healthcare, real estate?

DEAL STRUCTURE PREFERENCES

- How important is receiving most of the proceeds at closing versus over time?
- How do you feel about seller financing or an earnout?
- Would you be comfortable staying on in a consulting or advisory role?
- How much risk are you willing to carry in the structure of the transaction?

WHAT THEY THINK IT'S WORTH

- Have you had the business valued recently?
- What do you believe it's worth today?
- Is there a gap between what you need and what you think you'd get?
- If there is a gap, how much time do you have to close it?

ADVISOR NOTE

Most owners overestimate value, often substantially. When the gap is large, resist the urge to correct it in the moment — that conversation lands badly and ends the openness you just built. Note it, and move the discussion toward the path forward and the value drivers that could close it.

SECTION 03

Business readiness

Understanding the current state tells you what preparation is needed and how long it will realistically take.

OPERATIONS AND MANAGEMENT

- If you took a month off tomorrow, would the business run smoothly?
- Who are your key employees, and how dependent is the business on them?
- Are your core processes documented and repeatable?
- Do you have a management team, or does most decision-making still come to you?

FINANCIAL HEALTH

- Are your financial records clean, accurate, and current?
- How much of your revenue is recurring or under contract?
- Is revenue growing, stable, or declining?
- How do your margins compare with others in your industry?
- Are there owner adjustments or expenses that would normalize in a sale?

CUSTOMER CONCENTRATION

- What percentage of revenue comes from your largest customer?
- How many customers make up half your revenue?
- How long do your customer relationships typically last?
- Are the key relationships tied to you personally?

COMPETITIVE POSITION

- What makes the business different from competitors?

- Do you have proprietary capabilities, technology, or intellectual property?
- What happens if a serious competitor enters your market tomorrow?
- Are there growth opportunities you haven't pursued?

ADVISOR NOTE

These questions surface both value drivers and risk factors at once. Do not just collect the answers — probe where you hear something interesting. “Tell me more about that” is the highest-yield sentence in this section.

SECTION 04

Exit options

Most owners have considered exactly one path. Widening the field early prevents a decision made by default.

WHO BUYS IT

- Have you thought about who you'd want to buy the business?
- Are you open to a strategic buyer, private equity, or a competitor?
- Would you consider an internal transition — a management buyout or an ESOP?
- Is passing it to family a real possibility?
- Are there buyers you would refuse outright?

CONTROL AND INVOLVEMENT

- How much does it matter to you what happens to the business afterward?
- Would you stay involved six to twelve months to ensure a smooth transition?
- Do you want a complete exit, or would you consider rolling equity into the next structure?
- How would you feel about the business being merged or substantially changed?

TIMELINE AND FLEXIBILITY

- Do you have a hard deadline, or is there flexibility?
- If the right offer came tomorrow, would you be ready to act?
- What would make you walk away from a deal?
- Are there market conditions or events that would accelerate your decision?

ADVISOR NOTE

Some owners arrive with strong non-negotiables; others have never considered an alternative. Both are normal. Your job is to widen the field of view, not to argue them out of a preference.

SECTION 05

Risk factors

Every business has them. Identifying them now allows for mitigation and realistic expectations. Identifying them during diligence hands the buyer leverage.

DEPENDENCIES AND VULNERABILITIES

- What happens if you — or another key person — becomes unavailable?
- Are there critical suppliers or vendors you depend on?
- How much revenue would you lose if your largest customer left?
- Are any contracts, licenses, or certifications tied to specific individuals?

LEGAL AND REGULATORY

- Are there outstanding legal issues, disputes, or regulatory concerns?
- Do you have all necessary licenses and permits, current?
- Are your customer, vendor, and employee contracts up to date?
- Is your intellectual property properly protected?

MARKET AND COMPETITIVE

- Is your industry growing, stable, or contracting?
- Are there technological or regulatory changes coming?
- What threats do you see from competitors?
- What economic factors could affect the business meaningfully?

ADVISOR NOTE

Frame all of this as areas of focus, never as failures. An owner who feels judged in this section stops telling you the truth in the next one — and the risks you most need to know about are the ones they are least eager to raise.

Closing the conversation

Reflect back what you heard

Before proposing anything, summarize. This does two things: it proves you were listening, and it surfaces anything you misread while it is still cheap to correct.

- Their personal goals and timeline
- Financial requirements and structural preferences
- Business strengths and the areas needing attention
- The concerns and open questions they raised

SAMPLE SUMMARY

"Based on what you've shared, it sounds like you're looking to exit in the next three to five years, you need somewhere around [$X] to support the life you described, and your main concerns are making sure your employees are taken care of and that customers keep getting served well. You're open to different types of buyers as long as they fit those values. Does that capture it?"

Offer clear next steps

Give options rather than a single recommendation. Owners who choose their own next step follow through on it.

01 **Establish a baseline value** — a confidential estimate, so the rest of the planning has a real number under it

02 **Begin targeted preparation** — work on the two or three value drivers that need the most runway

03 **Build a formal exit plan** — timelines and milestones, if they are ready for that level of structure

04 **Bring in specialists** — tax, legal, and transaction advisors, depending on what surfaced today

Set expectations before you leave

- Exit planning is a process, not an event
- They control the pace — nothing happens on anyone else's timeline
- Confidentiality and discretion hold throughout
- You will follow up with the resources you promised

Afterward

WITHIN 24 TO 48 HOURS

- Send a short thank-you summarizing the key takeaways
- Include whatever you promised — the workbook, the readiness assessment, an article
- Confirm the agreed next steps and who is doing what

ONGOING

- Check in periodically even when they are not ready to move
- Share relevant market context when you have it
- Be patient — these decisions take years, and the advisor who stayed present is the one who gets the call

Common pitfalls

- ✕ **Rushing to solutions** — let them process before you propose. The recommendation keeps
- ✕ **Being overly technical** — jargon in a first conversation signals that you are talking to yourself
- ✕ **Crushing unrealistic expectations** — be honest, but not in the same breath as the disclosure. Timing matters more than accuracy here
- ✕ **Making it transactional** — this is personal and emotional long before it is financial
- ✕ **Ignoring emotional cues** — hesitation, anxiety, and resistance are data, not obstacles
- ✕ **Assuming one size fits all** — every owner's priorities are their own, and the surprising ones are usually the important ones

> *Your role is to guide, not prescribe. Your questions should prompt reflection, not interrogation. The goal is clarity and partnership — not a close.*

The owner across from you has spent years, often decades, building something that matters to them. Approached with respect and patience, these conversations build the kind of trust that produces work for a decade. Rushed, they produce a polite decline and no second meeting.

Resources to share afterward

All three are white-labeled — add your own logo before sending them to a client.

- The Business Sale Workbook — for owners who want to think it through on their own time
- Exit Readiness Assessment — a scored self-assessment across six dimensions
- Business Value 101 — how buyers actually value a privately held business
- The confidential business value estimate, when they are ready for a number

When the conversation turns to selling

Preparation and execution are separate disciplines. When a client moves from planning toward an actual transaction — or when an unsolicited offer arrives and they need a straight answer about it — that is the point to bring us in. Early conversations cost nothing and usually save the client more than they expect.

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