



MEDWORLD ADVISORS®

**What you need to have ready
to successfully sell your business.**



**Your
Comprehensive
Checklist**

Foreword:

We talk to business owners everyday on the best timing for selling their business and whether they should sell their business (or not). For those who make the decision to sell, the list of what must be gathered to facilitate a conversation before talking with a buyer is often overwhelming. This is where many of our clients get stuck.

To help you move forward and get your business on the market successfully, we have created this comprehensive checklist. You will not need to compile everything at one time. However, to make it a smooth and successful exit, it is helpful to be prepared. As a reminder, some information should only be shared once you have an NDA in place with a potential acquirer.

We hope that you will find this guide helpful. We welcome your questions on valuation, M&A Process, or any other items at any time.

To your success!

MedWorld Advisors

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Getting Started

Assemble your Outside Team:

- Lawyer
- Accountant
- Tax/ financial advisor (If different from accountant)
- M&A advisor

Assemble your Inside Team:

Selling your company will require a certain level of discretion and confidentiality. Why is that?

- If your employees know about you selling, will they stay? Or leave?
- Will your customers go to your competitors?
- Your vendors will get worried and terms may be changed as a result
- Too much exposure can sometimes hurt deal value

These are just a few examples of the many reasons why you may not want to advertise that your business is “for sale”.

With that stated, you will likely need to identify a few trusted people in your company as you start the process.

- Who are they? Make a list and consider why they are on the list
- Prepare for the time when you will have to talk to them (Don't do it yet!)
- Consider special incentives for key employee stakeholders to keep them from being enthusiastic (while maintaining confidentiality) about the company before, during and after the sale

Structure of Your Company

Every decision that you made when you started your company will most likely be discussed. If you have been in business for a little while, get ready to go back in time and dig up all your company records. Most likely your attorney will be the best source of that information. We should mention that if you are seriously thinking of selling your company you should be talking with your attorney from the get go. He/she will be a true asset during the process and help protect your interests.

Be ready to address:

- What is the legal corporate name of your company
- What kind of entity are you? Are you an LLC? S-Corp? Other?
- Has your company gone through any legal structure or entity change since its creation?
- Ownership: Who are the owners of the company?
- Who were the company founders?
- If the present ownership is not the original one, when (what year) did present ownership take control (if not founders)?
- Do you have any affiliated entities?
- When was the company founded (DD/MM/Year)?
- Is there more than one owner? if the answer is yes, who owns what and at what percentage?
- What are the major events in your company history?

Gather the following materials:

- Certificate of registration for your state / country
- EIN number or other tax-related number
- Partnership or any papers relating to percentage of ownership
- Any by-laws that dictate distribution or signatures required to complete a sale
- Biography of founder and owners
- List of affiliated companies
- Contracts and documentation regarding affiliation / relationship

People and Staff

People are assets and will be an important part of your selling proposition. Having an organization chart, a succession plan, and more will be key in how you present your company.

Be ready to address:

- Have you recently made management changes in your company?
- Are there any issues that could surface and delay a possible sale?
- Do you have any shareholder employees?
- Do you have any disgruntled employees?

Gather the following materials:

- Organization chart
- Contracts
- Benefits
- Employee files (Including reviews and any other history)
- Succession plans
- Union information / relationships, if any
- Information on opened legal issues, if any

Product Portfolio

A lot of time will be spent in reviewing your products and sales. The potential buyer will not only look to the past to understand what you have, but also towards the future. For them, it is as much about buying what is there than it is about how much they will have to invest after the purchase to make this a successful acquisition.

Be ready to describe:

- Tell the story of your product portfolio
- What has the strategy been to date?
- What is the strategy moving forward?
- What is the roadmap?
- Are the products subject to any specialized regulations?
- Regulatory agency?
- Compliance record?
- Are any products licensed?

Gather the following materials:

- Product portfolio presentation (PPT)**
 - Overview
 - Benefits
 - Depth and breath
 - Key differentiators
 - Contracts
 - Warrantees
- Brochures
- IFUs
- Sell sheet
- Case studies
- White papers
- Videos
- Training information
- Product Samples
- If any of your products are licensed provide:
 - Contracts
 - Relationships
 - Requirements
 - Risks

The MarketPlace

Showing your understanding of the marketplace will be key in the conversation. Show your knowledge especially if you intend to remain as a part of the company following the transaction.

Be ready to describe:

- Market landscape
 - Overview
 - Keys facts and figures
- Competitive landscape
- Key players / customers
- Trends

Gather the following materials:

- Market reports
- List of major events
- Industry reviews and announcements about your products /company
- Industry consultants / experts

Sales / Distribution

Your sales and distribution channels will be discussed and reviewed. Be open and prepared to answer all of the questions that will be raised.

Be ready to describe:

- What are your sales channels?
- Direct sales vs distributors
- Who are the top performers? And why?
- History of choices and changes of sales channels along the way
- Any OEM contracts?
- Who are your customers?
- Do you have any tiers (pricing)?
- Do you have a CRM?

Gather the following materials:

- Distributors Details**
 - List of distributors by territory
 - Sales \$\$ by distributor / territory / country (5-year history)
 - Contracts for each distributor
 - Any issues / history with distributors
 - Forecasted growth
- OEM Relationships**
 - OEM contracts
 - OEM information
 - Sales
 - Use model
 - Service
 - Forecasted growth
- Sales force details**
 - Maps / territory by sales person
 - Sales \$\$ by sales person (5-year history)
 - Compensation structure
 - Sales compensation / bonus paid
 - Any issues / history with sales force
- Customers**
 - Where are your customers located?
 - Sales by geography
 - Sales by customer type
 - Key relationships
 - Have your database ready
 - Keys wins
 - Contracts, if any

Trademarks, Patents

Trademarks and patents are hugely important in the valuation of your company. Having them will be a non-issue (as long as you have some protection for a number of years to come); not having them may make selling your company a very difficult task.

Be ready to describe:

- Do you have trademarks
 - Filed?
 - Protected?
- Do you have domains? Are they up to date?
- Do you have active patents?
- If no patents, do you have freedom to operate?

Gather the following materials:

- Trademarks filings
- Trademark attorney information
- List of domain names (make sure that you have at least one working website that is up to date).
 - Please include countries where you have a protected domain
- List of patents
 - Dates filed
 - Dates issued
 - Patent numbers
 - Expiration dates
 - Possible extensions
- Freedom to operate documentation
 - Include documentation
 - Include name and contact information of attorney office who issued the report
- Information on opened legal issues, if any

Regulatory / Compliance

Be ready to describe:

- Where do you have regulatory approval?
- For what products?
- What is currently waiting for approval?
- Who filed for approval in what countries?
- Are any of the approval under a distributor or 3rd party name?
- Do you have any compliance issues?
- Product recalls?
- Safety related issues?

Gather the following materials:

- Approval certificates by product / country
- List of approvals in process
- Copy of FDA or other regulatory agency audits
- List of compliance and quality issues
- List of recalls (past and present)
- Any information or other issues relating to regulatory, compliance or quality
- Sales force details
 - Maps and territory by sales person
 - Sales \$\$ by sales person (5-year history)
 - Compensation Structure
 - Sales compensation / bonus paid
 - Any issues / history with sales force
- OEM Relationships
 - OEM contracts
 - OEM information
 - Sales
 - Use model
 - Service
 - Forecasted growth

Reimbursement

Be ready to describe:

- Are your products subject to reimbursement?
- What are the codes?
- Can other codes be added in the future?
- Are any reimbursement changes on the horizon that will impact the reimbursement code your product(s) fall under? They could be positive or negative.
- If you do not have codes but your products could be reimbursed, what is your pathway going forward?

Gather the following materials:

- Reimbursement codes
- List of other products that fall under the same code
- ROI worksheets
- If you are looking at getting a code:
 - Code that exists that you could fall under
 - Plan of action to get a code
 - Timeline and milestones to getting a code
- Name of partner / consultant working with you on reimbursement codes
- List of limitations (if any for your code)

Operations

This section covers manufacturing and supply management.

Be ready to describe:

- What do your operations look like?
 - Where do you manufacture?
 - Where do you warehouse your supplies?
 - Where do you store your finished goods?
 - What does your inventory look like?
 - Are there any / where do you keep scraps?
 - How do you ship?
 - Service?

- Supply Management
 - Who are your suppliers?
 - Do you have suppliers at risks?
 - Does your technology require lead time from suppliers?
 - Where are your suppliers located?
 - Any issues with suppliers? (quality, delays, costs, etc.)

Gather the following materials:

- Operations reports by location:
 - Manufacturing
 - Storage
 - Shipping
- Matrix
 - Output
 - Safety
- List of suppliers
- Contracts

Financial Information

Be ready to describe

- What software are you using for your books?
- Are your books in order?
- Your Account Receivables Scores
- Your Account Payable Scores
- When is the last time you were audited?

Gather the following Materials:

- Compile and summarize financial statements for the last 5 years.
 - Tax returns
 - Profit and loss statements
- Audited records if available
- Accountant Information if 3rd party
- Financial projections
- List of assets
- Risks