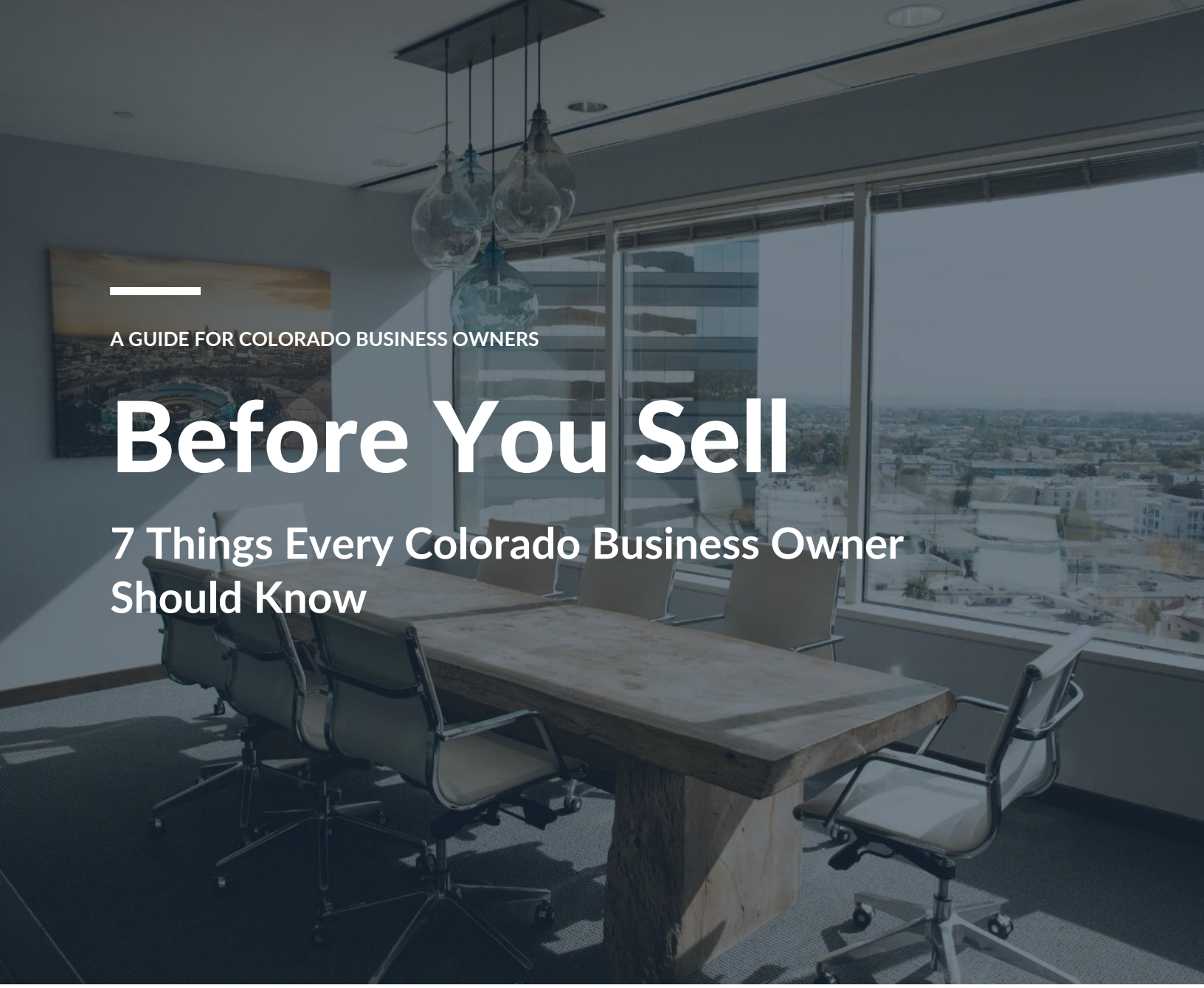


A GUIDE FOR COLORADO BUSINESS OWNERS

Before You Sell

7 Things Every Colorado Business Owner Should Know

A practical guide to pricing, preparing and selling your business, written for owners of Main Street and lower middle-market companies valued from $100,000 to $10 million and up.



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Introduction

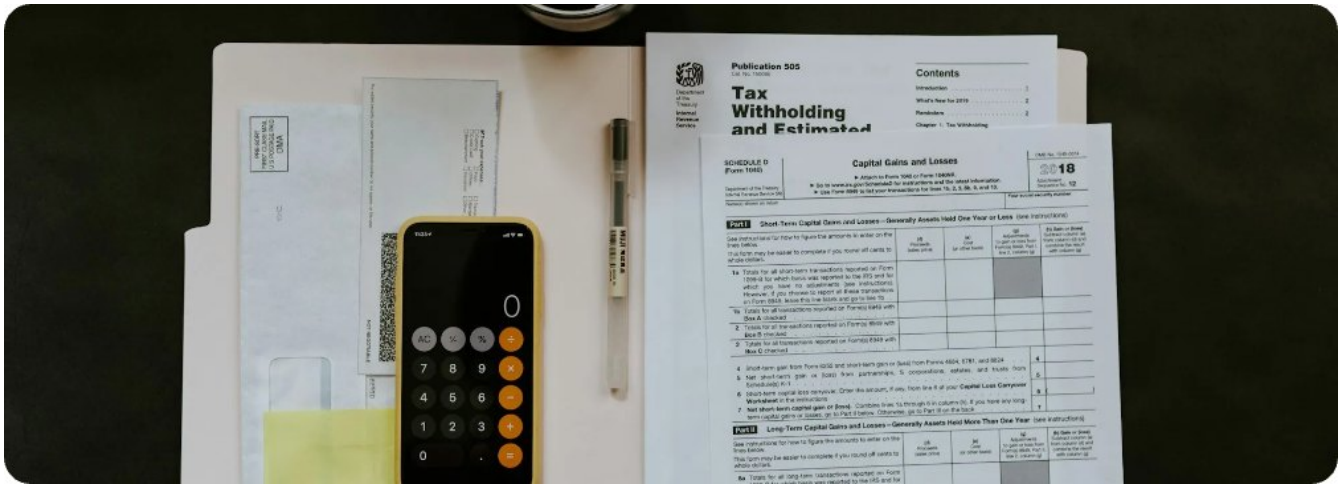
Most owners sell a business once. You've spent years building it, and you get one chance to sell it well. This guide covers what I wish every owner knew before that first conversation: what drives value, what buyers look for, and how to avoid the mistakes that cost sellers money.

Read it now, even if selling feels years away. The owners who get the best results start preparing long before they list.

1 Know why you're selling, and sell from strength

Owners sell to retire, to try something new, because a partner wants out, or because they're simply tired. Every reason is a good one. What matters is timing: the best time to sell is when the business is doing well and you don't have to sell.

Buyers pay more for growing revenue and a seller who isn't in a hurry. Health, burnout, a lost key customer or a new competitor can change your options quickly, so have a plan before you need one.



2 Know what your business is really worth

Most small businesses are priced on **Seller's Discretionary Earnings (SDE)**: what the business earns for one full-time owner, including your salary and perks. Larger companies with management in place are priced on **EBITDA**. A buyer applies a market multiple to those earnings, and size matters more than most owners expect.

Sale price	Median multiple, Q2 2026	Basis
Under $500K	**2.0×**	SDE
$500K – $1M	**2.8×**	SDE
$1M – $2M	**3.1×**	SDE
$2M – $5M	**4.0×**	EBITDA
$5M – $50M	**5.8×**	EBITDA

Source: IBBA and M&A Source Market Pulse Survey, Q2 2026. Medians; your business can land above or below them.

Where you land depends on trend, customer concentration, how much the business depends on you, and the quality of your records. A broker's valuation pulls all of that together into a range you can defend. It is built for selling a business; it is not a formal appraisal for tax or legal purposes.

3 Get your financials buyer-ready

Buyers and lenders start with your tax returns. If your returns, profit and loss statements and bank deposits don't tell the same story, the price goes down or the deal stalls. A few years before you sell:

- Keep personal expenses out of the business, or document every one as an add-back.
- Make sure your P&Ls match your tax returns.
- Separate one-time costs (a new roof, a lawsuit) so they can be added back.
- Keep inventory, receivables and equipment lists current.

Under the SBA rules that took effect October 1, 2026, lenders size a buyer's loan on your past tax returns, not projections. **Clean books are worth real money.**



4 Make the business run without you

If every customer calls your cell phone and every decision runs through you, a buyer sees risk, and risk lowers the price. Start shifting work to your team now: document your processes, build up a manager or lead employee, and make sure key customer relationships aren't only with you.

Check that your lease, licenses and key contracts can transfer to a new owner. **A business that runs smoothly while you're on vacation is a business buyers compete for.**



5 Protect confidentiality from day one

Word that a business is for sale can unsettle employees, customers and suppliers. A good sale process shares information in stages:

1. A **blind teaser** describes the business without naming it.
2. Buyers sign a **non-disclosure agreement** and show they can afford the business before they learn its name.
3. Detailed financials come only after a buyer is **qualified and serious**.

You decide when and how to tell your team, usually close to closing.

6 Understand how buyers pay

Most Main Street buyers use an **SBA 7(a) loan**, often combined with **seller financing**, where you carry a note for part of the price. Across the IBBA survey's deal sizes in Q2 2026, cash at closing covered 83% to 92% of the price and seller financing 6% to 11%.

Offering some seller financing widens your pool of buyers and shows you believe in the business.

Source: IBBA and M&A Source Market Pulse Survey, Q2 2026. More on the new SBA rules: coloradosbusinessbrokers.com/new-sba-rules-selling-business-colorado/

7 Build your team, and plan for life after the sale

Selling a business takes a team: your broker runs the process and the buyers; your CPA advises on the tax impact and how the price is allocated across assets; an attorney reviews the purchase agreement. Bring them in early.

Then think about what comes next. Most buyers ask the seller to stay on for a training period, and the owners who are happiest after a sale are the ones who planned for their next chapter before signing.



How a sale works

1. **A first conversation.** Typically by video. We talk about your business and your goals.
2. **Valuation.** Normalized financials, SDE or EBITDA, and current market multiples.
3. **Preparation.** A blind teaser and a Confidential Information Memorandum (CIM).
4. **Marketing.** Online marketplaces and direct outreach campaigns to qualified buyers across the country.
5. **Buyer screening and offers.** NDAs, financial qualification, buyer meetings and letters of intent.
6. **Due diligence and closing.** Working with lenders, CPAs and attorneys through the final signature and transition.



Document checklist

Gather these before you list. You don't need everything on day one, but the sooner, the better.

Financial

- Three years of business tax returns
- Three years of P&Ls and balance sheets
- Current year-to-date P&L
- List of add-backs
- Debt schedule
- Accounts receivable aging
- Inventory summary

Assets and property

- Equipment and vehicle list
- Assets included in and excluded from the sale
- Real estate and equipment leases

Operations

- Customer and supplier summaries (no names needed at first)
- Key contracts
- Licenses and permits
- Franchise agreement, if any

People

- Organization chart
- Employee roles, pay and tenure
- Any employment or non-compete agreements



About Elena Moore, CBI, CM&AP

Owner, **Murphy Business Brokers of Northern Colorado and Denver**

I'm Elena Moore, owner of Murphy Business Brokers of Northern Colorado and Denver. I've owned and run businesses myself, including a remodeling franchise for ten years, and I started out as an aerospace software engineer, so I like numbers that hold up.

I'm a Certified Business Intermediary (CBI) and a Certified Mergers & Acquisitions Professional (CM&AP), and a member of the IBBA, the M&A Source and CABI. I help owners sell businesses valued from $100,000 to $10 million and up across Colorado.



Let's talk.

Your first meeting is typically by video, and everything you share stays confidential. Curious about a number first? Try the free calculator at coloradosbusinessbrokers.com/free-business-valuation-calculator/

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This guide is general information, not legal, tax or financial advice. Every business and sale is different; talk with your CPA and attorney about your situation. Market figures are from the IBBA and M&A Source Market Pulse Survey, Q2 2026, and will change over time. *© 2026 Murphy Business Brokers of Northern Colorado and Denver.*