



NEWSLETTER



The Colorado Exit Guide: 4 Pillars of Success

If you own a business in Colorado with annual revenues between \$1M and \$10M, you aren't just running a company, you're managing a significant portion of your family's wealth.

But here is a sobering statistic: Nearly 70% of Colorado business owners are unprepared for an exit.

Whether you're looking to retire in the Rockies or start your next venture, selling a business in this "Lower Middle Market" requires more than just a listing. It requires a Colorado-specific strategy that accounts for local tax implications, Front Range buyer trends, and 2025 market multiples.

1. Understanding Your Valuation

In the \$1M-\$10M range, buyers aren't just looking at revenue; they are looking at SDE (Seller's Discretionary Earnings) or EBITDA.

- **The Reality Check:** A business with \$5M in revenue but high owner-dependency will sell for less than a \$2M business with a strong management team.
- **The "Colorado Premium":** Demand for Colorado-based firms remains high due to our state's strong economy and lifestyle appeal, often adding a slight "premium" to multiples compared to the Midwest.



2. The 12-Month "Clean Up"

A successful sale doesn't happen when you list; it happens in the year before. Buyers in 2025 are performing rigorous due diligence. You must ensure:

- **Financial Transparency:** Tax returns should match your internal P&L statements.
- **Operational Independence:** Can your business run for 30 days without you?
- **Contract Security:** Ensure your key customer and vendor contracts are transferable.



3. Finding the Right Buyer

Selling a business of this size requires a targeted approach. We typically see three types of buyers in Colorado right now:

- **Strategic Buyers:** Competitors looking to expand into the Denver/Front Range market.
- **Financial Buyers:** Private Equity groups looking for a "platform" company.
- **Individual Entrepreneurs:** High-net-worth individuals moving to Colorado for a lifestyle change.





4. Confidentiality is King

The greatest risk to a business owner is word getting out that the company is for sale. A professional advisor ensures that your employees, customers, and competitors don't know your plans until the deal is signed, using blind profiles and strict NDAs.



The Bottom Line

Selling your business is likely the biggest transaction of your life. Don't go it alone. Whether you are ready to sell now or just want to know what your "number" is, Wright Business Advisors is here to help you navigate the process with local expertise and absolute confidentiality.

Schedule Your Confidential Valuation Consultation

To your success,

The Wright Business Advisors Team Serving Denver, the Front Range, and the Colorado Business Community

