The Owner-Dependency Test

There is one question underneath nearly every buyer's evaluation of your business, and most never ask it out loud: what happens to this company if the owner is gone? The answer determines whether your business is sellable, who can buy it, how it will be financed, and what multiple it earns. This guide gives you the test buyers actually apply — so you can score yourself honestly, in private, before anyone else does it for you.

Why This Is the Filter That Matters Most

A business that depends entirely on its owner is not really a business being sold — it is a job being transferred, along with the risk that its customers, its knowledge, and its judgment walk out the door on closing day. Buyers know this. Lenders know it too, which is why owner dependency affects not only the price but whether a transaction can be financed at all.

The encouraging part: this is the most fixable of all the factors that drive value. Customer concentration takes years to change. Industry dynamics you cannot change at all. But owner dependency responds to deliberate effort in 12 to 24 months, and the payoff shows up directly in both the multiple and the size of the buyer pool.

> *The 60-day question: if you were unreachable for sixty consecutive days starting tomorrow — no phone, no email — what would be broken when you returned? Hold that question in mind as you score.*

How to Score

Rate each of the twenty statements from 0 to 3. Score what is true today, not what you intend to put in place. Optimism here only costs you later, when a buyer discovers the real answer during diligence.

Score	Meaning
0	Not true at all
1	Somewhat true, inconsistently
2	Mostly true, with exceptions
3	Completely true, consistently, and someone else could confirm it

Section A — Decision Authority

Statement	Score
1. Purchases and commitments under $10,000 are routinely made without my approval.	
2. Someone other than me can approve a customer refund, credit, or exception.	
3. Pricing follows a documented policy rather than my case-by-case judgment.	
4. Someone other than me has authority to hire and to terminate.	

Section B — Customer Relationships

Statement	Score
5. My top five customers have a primary working relationship with someone other than me.	
6. New customers are won by someone other than me.	
7. Customers call the company, not my personal cell phone.	
8. No single customer represents more than 15% of revenue.	

Section C — Operations and Knowledge

Statement	Score
9. Core processes are documented well enough that a competent new hire could follow them.	
10. Operations would continue without deterioration if I were unreachable for 60 days.	
11. Vendor and supplier relationships belong to the company, not to me personally.	
12. There is no recurring task that only I know how to perform.	

Section D — Financial Control

Statement	Score
13. Monthly financials close within 20 days without my involvement.	
14. Someone other than me reviews and approves payables.	
15. The books are accrual-basis and reconciled every month.	
16. I could produce three years of clean, consistent financials on two weeks' notice.	

Section E — Team and Management

Statement	Score
17. At least one person could run daily operations for 60 days without me.	
18. Key employees are under written agreements (employment, retention, or non-compete).	
19. The company employs 10 or more people.	
20. My management team meets without me and makes real decisions.	

What Your Score Means

Total	Where you stand	What it means for a sale
50–60	Platform-ready	The business runs without you. You have the widest possible buyer pool — strategic buyers, private equity, and operator-buyers can all transact. Expect the top of your industry's multiple range and comparatively smooth financing.
38–49	Sellable, with a discount	A real business with real gaps. Most buyers will proceed, but expect a lower multiple, a longer transition commitment from you, or more of the price deferred into a note or earnout. Six to twelve months of focused work often moves you a full band.
25–37	Fixable — but not yet	A buyer will see meaningful risk that earnings depend on you personally. Financing gets harder and the buyer pool narrows considerably. This is a 12 to 24 month project, and it is worth doing before you go to market rather than accepting the discount.
Under 25	Currently a job, not a business	What is truly for sale here is your personal capability, which cannot be transferred. Most buyers will pass, and lenders will struggle to underwrite it. The good news: nearly every item on this test can be changed with deliberate effort.

The Roadmap: What to Fix, In Order

Sequence matters. Each phase below makes the next one easier, and each is visible to a buyer during diligence.

Months 1–6 — Get out of the daily path

- **Set a spending authority:** Write down a dollar threshold below which others decide, and stop reviewing those decisions.
- **Clean up the books:** Move to accrual basis if you have not, reconcile monthly, and close within 20 days. This has the highest ratio of value created to effort required of anything on this list.
- **Document the top ten processes:** Not a manual — ten short written procedures for what happens most often.
- **Route customer contact through the company:** A shared phone number and a shared inbox, starting now, so relationships accumulate to the business.

Months 6–18 — Build the layer above the work

- **Identify or hire a second-in-command:** The single highest-value move available to most owners. If you cannot name this person today, that is the project.
- **Transfer your top relationships deliberately:** Introduce a colleague into your five largest customer relationships and step back gradually. Buyers verify this during diligence by asking your customers who they call.
- **Put key people under written agreements:** Undocumented key employees are a risk a buyer will price in.
- **Take a real two-week absence:** Uninterrupted. What breaks is your remaining task list, and you will learn more in those two weeks than from any assessment.

Months 18–24 — Prove it

- **Take a 60-day absence:** The test that a buyer cannot argue with, and the one you can describe honestly in a first conversation.
- **Let the management team run a full cycle:** A complete quarter with you available but not directing.
- **Reduce concentration where you can:** If one customer exceeds 25% of revenue, work on that in parallel — it is slower than everything else here.
- **Assemble the diligence file in advance:** Three years of financials, contracts, leases, and employee agreements, organized. Preparedness itself signals a well-run business.

A Note on Timing

The owners who get the best outcomes generally started this work two to three years before they intended to sell, often before they were certain they would sell at all. That is not a coincidence and it is not luck. Every item on this list makes the business more valuable to a buyer and also easier for you to own in the meantime — which is why the work is worth doing even if you ultimately decide to keep it.

If you scored lower than you expected, that is useful information rather than bad news, and it arrived early enough to act on. We are glad to talk through where you landed and what would move the number most — with no expectation that you are selling anything, now or later.

This self-assessment is a general educational tool, not a valuation or a professional evaluation of your business. Scores are directional and intended to prompt planning conversations with your own advisors.

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