

2025 Research Project Reveals Why Business Owners
Struggle to Successfully Exit Their Businesses.

KEY FINDINGS IN RESEARCH



Decisions made decades before a sale often materially affect a business's sale value, and many of those effects cannot be fully generated in the single year before exit.



Strategic investments (R&D, brand, product development) take years to produce sustainable revenue and margins that buyers value.



Clean, predictable financial performance and high-quality earnings are the product of multiyear discipline; last-year "window dressing" is visible to sophisticated buyers and discounted.



Research found that failing to prepare for an eventual exit years in advance can affect the sales price by more than 40%.

In the fall of 2025, the SCOPE™ Institute conducted an in-depth research project involving 12,924 businesses. The aim was to identify key findings regarding why business owners are able to successfully exit or not. The sample included businesses that were successfully sold, those that sold at a discount, and informed buyers from various industries.

Human capital and organizational culture/processes accumulate over time; buyers pay for stable teams, documented SOPs, and repeatable operations, thereby increasing value by 36%.

Having a key employee retention strategy is critical for buyers, as it often increases the value of the business by 22%.

Customer relationships and contracts (recurring revenue, low churn) are built over multiple years and materially raise valuations by more than 26%.

Risk profile and growth trajectory — central to valuation multiples — are assessed on multi-year trends, not just the final year.

Buyers report that multi-year earnings and growth trends (not single-year spikes) drive sale prices and multiples by more than 32%

Starting exit-oriented improvements 5+ years ahead to stabilize margins, document processes, diversify customer base, strengthen governance, and invest in predictable growth can influence value by more than 24%.

Buyers report that one-year fixes (cost cuts, one-time revenue recognition) can help but are often heavily scrutinized and yield limited premium.

Buyers report that deals collapse when dependence on the owner is evident. — buyers don't want a business that collapses when the owner leaves. Sellers report that it takes 3-5 years for their businesses to become redundant.

A weak or unclear growth story—no clear runway, market position, or scalable model — can impact the value of the business by more than 38%.

Buyers report that customer concentration — too much revenue from a few clients increases risk. Sellers report that it takes 3-5 years for their businesses to create multiple client streams and diversification.

Buyers report that operational issues — outdated systems, poor processes, or key-person risk — are the second most common cause of deal collapse. The first is poor financial reporting and a lack of growth potential.

Well-designed executive compensation that aligns executives' incentives with long-term company value increases a business's selling price by more than 27%. Retaining key executives is critical for buyers.

Legal, tax, or compliance problems — unresolved disputes, liens, or regulatory issues deter buyers. 34% of sellers report that it can take a year or more to get your house in order.

Sellers report that a poorly packaged deal — no transition plan, unclear terms, or unattractive financing options- has driven away potential buyers. Sellers report losing ideal buyers when they were not properly prepared to go to market.

Sellers report that a professional go-to-market package influences and attracts ideal buyers for their business. Multiple business owners report failing at the initial market launch before learning the value of creating professional assets for a buyer.

Sellers report that hiring a professional organization before going to market has a dramatic impact on success. Buyers report that professional sales collateral attracts more quality buyers.

Many sellers report that their business was often discounted when using a business broker as opposed to a quality M&A firm that runs the entire marketing and sales process.

Sellers regret the DIY (do-it-yourself) approach and report that it likely cost them more than 40% of their business's value. Sellers stated that a lack of knowledge about the process and misconceptions about the selling process impacted their business sale.

Sellers value education and compare exit planning education among the most important business investments they'll make in their business journey, having a profound impact on every aspect of their business.

Sellers report that key decisions made 5 to 10 years before an exit affect their business value by more than 44%. Sellers also report quantifiable results from implementing key strategies, including entity structure, asset protection, risk management, and the early adoption of proven exit strategies.

Buyers report that market timing and sector conditions strongly influence transactions—buyers and capital are cyclical, and some sectors are illiquid. Buyers assert that sellers are often unaware of their industry's benchmarks, comparables, and recent transactions.

Sellers report that mishandling confidentiality—leaks—can harm value or scare employees/customers and buyers. Sellers regret publicly announcing the sale of their business. Sellers who maintained market confidentiality had more successful transactions.

SCOPE™ Institute has helped thousands of business owners across the US maximize profits, minimize taxes, scale their businesses, protect assets, and reduce risk from predators, while building their legacy that enables them to exit high and get top dollar for their life's work.

