# SELL-SIDE QUALITY OF EARNINGS STEPS

EideBailly
CPAs & BUSINESS ADVISORS

1 **You, the seller**, are considering selling the company or a segment of the company in the next 6 to 12 months.

2 **Discuss with business advisors** as to who should help in the process of selling the company.

3 Consider if a third-party accounting firm should pre-emptively perform due diligence (or quality of earnings). **Key benefits are:**

- **A** Seeing how buyers are going to analyze earnings and key balance sheet areas
- **B** Taking the time to clean up any past financial record issues
- **C** Ensuring all add backs/adjustments (often times known as "hidden value") are accounted for and will most likely hold up during the buyer's due diligence
- **D** Preparing for the hard questions before "the real thing"
- **E** Preparing a significant amount of data in advance of buyer due diligence which alleviates the pressure from your staff during the due diligence process

4 **Solicit offers from third-party service providers** and engage based on product quality, process and price.

5 **Identify** who will answer the data requests from the service provider to ensure confidentiality.

6 **Be involved** throughout the process to better understand due diligence, deals, value points and the final deliverable.

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