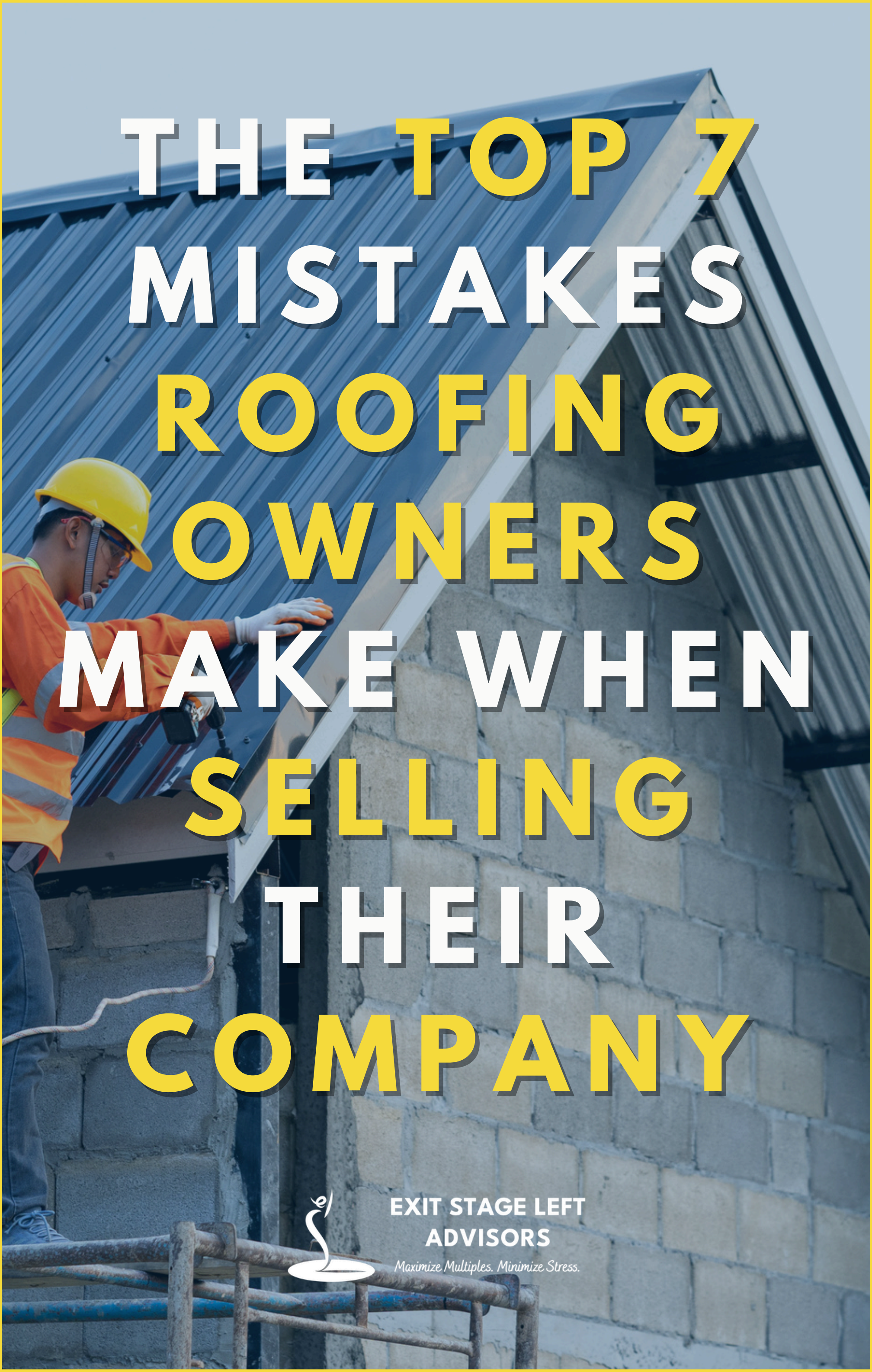

THE TOP 7 MISTAKES ROOFING OWNERS MAKE WHEN SELLING THEIR COMPANY

EXIT STAGE LEFT ADVISORS

Maximize Multiples. Minimize Stress.

THE TOP 7 MISTAKES ROOFING OWNERS MAKE WHEN SELLING THEIR COMPANY

A GUIDE FOR ROOFING BUSINESS OWNERS PLANNING AN EXIT

Selling a roofing company can be one of the most significant financial events of an owner's life. Yet many roofing businesses go to market unprepared, leaving real money on the table or worse, failing to close a deal at all.

Strategic buyers and private equity groups continue to show strong interest in well-run roofing companies. However, they are highly disciplined. They underwrite risk carefully, scrutinize sustainability, and pay premiums only for businesses that are built to last beyond the owner.

At **Exit Stage Left Advisors**, we've advised on and closed numerous roofing transactions over the past several years. We consistently see the same issues reduce valuation, slow deals, or derail exits entirely. This e-book breaks down the **seven most common mistakes roofing owners make when selling their company and how to avoid them**.

MISTAKE #1: MESSY SET OF FINANCIAL BOOKS

Buyers need to clearly understand what they're buying and how the business truly performs. When financials are inconsistent, overly tax-driven, or poorly organized, buyers assume risk and risk leads to lower valuations, earnouts, or deal fatigue.

When reviewing financials, buyers often become concerned when they see inconsistent profit and loss statements, limited balance sheet detail, poor job costing, or a lack of clarity around owner add-backs. Personal and business expenses are frequently commingled, and work-in-progress is not clearly tracked, making it difficult to assess true profitability.

If a buyer can't quickly identify true EBITDA, they will either discount the price or walk away altogether. Clean financials that clearly show profitability, normalized expenses, and repeatable margins make diligence faster and support stronger multiples.

MISTAKE #1: MESSY SET OF FINANCIAL BOOKS - CONTINUED

Avoiding this issue starts with maintaining accrual-based financial statements, tracking profitability at the job level, and clearly documenting owner add-backs. Preparing consistent trailing financials over a 24 to 36 month period helps buyers quickly understand earnings and reduces friction during diligence.

MISTAKE #2: NO IDENTIFIED FUTURE SUCCESSOR

One of the biggest concerns buyers have is: *"What happens when the owner leaves?"*

If the owner is still the primary estimator, salesperson, operations manager, or relationship holder, buyers see a major continuity risk. A business that depends on one person is not truly transferable.

From a buyer's perspective, this raises concerns around the loss of key relationships, operational breakdowns after closing, and cultural instability. Buyers want confidence that the company can continue performing at the same level without the owner's daily involvement.

Identifying and empowering a General Manager, Operations Leader, or leadership team signals stability and maturity. It shows buyers the company can continue performing without the owner's daily involvement.

How to avoid this mistake:

- Develop a leadership bench early
- Clearly define roles and accountability
- Gradually transition decision-making away from the owner

MISTAKE #3: SELLING AT THE WRONG TIME (BASED ON LAST 12 MONTHS OF RESULTS)

Many owners try to sell immediately after a revenue spike or during a downturn without considering whether the last 12 months are sustainable.

Buyers typically value roofing companies on trailing performance, but they adjust aggressively if results appear driven by:

- A one-time storm season
- A single large commercial project
- Temporary pricing increases
- Short-term cost reductions

If earnings don't look repeatable, buyers normalize them downward.

The strongest exits tend to occur when performance is not only strong, but clearly sustainable. Buyers feel more comfortable when backlog, pipeline, and margins support future earnings and reflect what normal operations look like rather than a temporary spike.

Proper timing can materially impact valuation.

MISTAKE #4: UNSUSTAINABLE REVENUE MIX

An unbalanced revenue mix increases risk in the eyes of buyers. Heavy reliance on storm work, insurance claims, or a single large client creates volatility that is harder to underwrite.

Buyers pay premiums for revenue that is:

- Diversified
- Predictable
- Recurring

Higher-value roofing businesses tend to have diversified revenue streams such as ongoing service and maintenance work, repeat commercial clients, and a healthy balance between retail, insurance, and commercial projects. This type of mix creates predictability that buyers are willing to pay for.

MISTAKE #4: UNSUSTAINABLE REVENUE MIX - CONTINUED

A stable revenue mix reduces earnings volatility and supports higher multiples.

MISTAKE #5: HIGH CLIENT ACQUISITION COST (CAC)

If it costs too much to win a job, buyers worry margins will compress over time.

High CAC can signal:

- Overreliance on paid leads
- Poor close rates
- Weak brand positioning
- Lack of marketing attribution and tracking

Sophisticated buyers want to see strong unit economics.

Buyers want to understand exactly where leads come from, how efficiently they convert into paying customers, and how long it takes to recover acquisition costs through gross profit. Clear tracking and reporting around these metrics significantly improves buyer confidence.

Efficient, repeatable customer acquisition builds confidence and value.

MISTAKE #6: WRONG SALESPEOPLE COMPENSATION STRUCTURE

Misaligned sales compensation plans often create unintended consequences:

- Discounting to win volume
- Chasing low-margin work
- Poor handoffs to production
- Increased callbacks and warranty issues

MISTAKE #6: WRONG SALESPEOPLE COMPENSATION STRUCTURE - CONTINUED

Buyers prefer compensation structures that reward *profitable* growth not just top-line sales.

Well-designed compensation plans typically reward more than just top-line revenue. Buyers prefer structures that encourage healthy margins, quality installs, timely cash collection, and adherence to internal processes, all of which lead to more predictable earnings.

When sales incentives are aligned with company profitability, earnings become far more predictable post-close.

MISTAKE #7: WEAK STRUCTURAL AND OPERATIONAL SYSTEMS

When critical systems live only in people's heads, scale and consistency suffer.

Buyers look for businesses with documented, repeatable processes not hero-based execution.

Buyers expect to see documented workflows supported by technology such as CRMs and production tracking tools. Standardized estimating, contracts, KPIs, and clear accountability across the organization demonstrate that the business can operate consistently at scale.

Strong systems reduce execution risk, protect margins, and make the company easier to transition and grow.

FINAL THOUGHTS: PREPARING FOR A PREMIUM EXIT

Avoiding these seven mistakes doesn't just make your company easier to sell it makes it more valuable long before you go to market.

FINAL THOUGHTS: PREPARING FOR A PREMIUM EXIT

At **Exit Stage Left Advisors**, we specialize in helping roofing business owners prepare for and execute successful exits. With deep industry knowledge and a strong track record of roofing transactions over the past several years, we understand what buyers look for and how to position your company to command a premium.

If you're considering selling in the next few years or simply want to understand what your business is worth and how to improve it working with an experienced advisor early can make all the difference.

Learn more about **Exit Stage Left Advisors at** www.esladvisors.com