Why Some Businesses Don’t Sell
And How to Avoid Their Fate

Selling a business isn’t just about showcasing products or services - operational hurdles, financial missteps, and inefficiencies can stall deals and erode value.

In today’s competitive environment, anticipating these hurdles is key to attracting the right buyers and securing the best outcome.

Common DEAL KILLERS in Business Transactions

1. Financials That Don’t Earn Trust
2. Customer Concentration
3. Key-Man Dependence & Thin Bench
4. Operational Inefficiencies
5. Limited Scalability
6. Vendor Concentration
7. Misaligned Valuation Benchmarks
8. Disorganized Data Room & Delayed Responses

KEY DATA POINTS

Financials that don’t earn trust
65%
M&A advisors in 2025 cited inaccurate reporting as a top deal breaker.

Misaligned Valuation Benchmarks
43%
Failed middle-market M&A deals were caused by valuation gaps – the leading deal killer

Key Man Dependence & Thin Bench
25%
Founder-led firms face higher deal abandonment risk without a succession plan.

Operational Inefficiencies
24%
Failed mid-market deals in 2024 stemmed from operational underperformance.

Expansion & Scaling Strategies
22%
Failed mid-market deals were driven by lack of scalable systems

Customer Concentration
18%
Failed SMB deals were due to customer concentration concerns.

Disorganized Data Room & Delayed Responses
12%
Failed M&A deals in 2024 stemmed from incomplete or delayed document sharing.

Vendor Concentration
2x
Industries with >40% reliance on a single vendor face 2× higher odds of diligence stalling and deal failure

TURNING M&A PITFALLS INTO GROWTH PATHWAYS

Financials that don’t earn trust
- Maintain skilled accounting team with reliable software
- Commission a sell-side QoE 6 - 12 months before sale
- Record promptly & monitor financial health for accurate reporting

Expansion & Scaling Strategies
- Document a data-backed growth strategy
- Pursue new markets, products, or tech
- Align with evolving customer demand

Key-Man Dependence & Thin Bench
- Build leadership depth and succession plans
- Transition client relationships early
- Use retention incentives for top managers

Operational Inefficiencies
- Run operational audit & streamline processes
- Upgrade ERP & monitor key KPIs
- Train staff & conduct routine compliance checks

Disorganized Data Room & Delayed Responses
- Assemble buyer-ready data room 60–90 days pre-sale
- Assign RFI coordinator
- Ensure consistent disclosures across materials

Customer Concentration
- Broaden Customer Base
- Track Customer Concentration

Misaligned Valuation Benchmarks
- Benchmark valuation against recent comps
- Enhance earnings quality and reduce risks

Vendor Concentration
- Diversify suppliers & build contingencies
- Maintain stable, long-term vendor ties

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