Warehouse and 3PL sale readiness checklist

Buyers form a view of your business in the first two weeks of diligence, and that view comes from documents. Work through this well before you go to market.

Whoever runs your process, an M&A advisor, your CPA, or you, they will argue from documents. This is the document set. Deal structure, valuation and tax treatment are separate decisions and are not covered here.

How to use this checklist

- Mark every line **Have**, **Part** or **Miss**. Partial means the record exists but not yet in a form a buyer will accept.
- Write the owner and the location next to each line. A checklist without an owner does not get finished.
- The **Prep** column is a rough lead time: **w** about a week, **m** about a month, **q** about a quarter. Start the quarter items first.
- Export everything in its native format. Quality of earnings teams want Excel, not PDF printouts of Excel. Sending PDFs of financial schedules adds weeks to diligence.
- Date and version every file. When something changes, re-issue the set rather than patching one document inside the room.

1. Findings that slow a deal down

Every one of these is found in diligence rather than disclosed before it. Each one costs time, and time costs price.

- Books kept on a cash basis, when buyers work in accrual
- Add-backs with no source document behind them
- Revenue reported gross in one document and net in another
- Revenue concentration disclosed in week four instead of week one
- AR aging that deteriorates the moment it is examined
- Personal and business expenses commingled in the books
- Intercompany balances that do not net to zero
- Change of control clauses in customer contracts, found after the LOI is signed
- The same EBITDA figure appearing three different ways in three documents
- Customer relationships held by one person, with nothing written down
- A lease with less remaining term than the buyer's intended hold period
- Customer-owned inventory that does not reconcile to warehouse receipts
- Storage rates that have not moved while occupancy costs have

2. Financial records

Item	Prep	Have	Part	Miss	Owner and where it lives
Profit and loss statements, monthly, trailing 36 months	1m	☐	☐	☐	
Trailing twelve months and current year to date, on the same basis	1w	☐	☐	☐	
Balance sheets, monthly, same period	1m	☐	☐	☐	
Cash flow statements, same period	1m	☐	☐	☐	
Trial balance and general ledger export per year, native format	1w	☐	☐	☐	
Bank statements for every account, with completed reconciliations	1q	☐	☐	☐	
Credit card statements and reconciliations	1m	☐	☐	☐	
Revenue reported gross and net, with the recognition policy stated in writing	1m	☐	☐	☐	
Evidence the gross versus net treatment was applied consistently across all three years	1m	☐	☐	☐	
Revenue by customer for each of the last three years	1w	☐	☐	☐	
Gross margin by customer, and by lane if your system carries it	1m	☐	☐	☐	
AR aging as of each month end, not only the current one	1m	☐	☐	☐	
Accounts payable aging on the same basis	1m	☐	☐	☐	
Fixed asset register with depreciation schedules	1w	☐	☐	☐	
Debt schedule: every loan, line of credit, equipment note, with terms	1w	☐	☐	☐	
Personal guarantees on any debt, lease or line, listed with the obligation each secures	1w	☐	☐	☐	
Related-party transactions, listed and explained	1w	☐	☐	☐	
Related-party leases with rent stated against market	1m	☐	☐	☐	
Intercompany balances and eliminations if you run multiple entities	1q	☐	☐	☐	
Payroll registers and payroll tax filings	1w	☐	☐	☐	
Sales, use and state or provincial tax filings, with nexus positions noted	1m	☐	☐	☐	

3. EBITDA normalization schedule

Item	Prep	Have	Part	Miss	Owner and where it lives
Written add-back schedule, line by line, for each of the last three years	1m	☐	☐	☐	

Item	Prep	Have	Part	Miss	Owner and where it lives
A source document behind every add-back	1q	☐	☐	☐	
Owner compensation stated separately, with the replacement assumption written out	1w	☐	☐	☐	
Personal expenses itemized rather than lumped together	1m	☐	☐	☐	
One-time items identified, with evidence they were one-time	1m	☐	☐	☐	
Discontinued customers or lanes shown separately	1w	☐	☐	☐	
A reconciliation from net income to adjusted EBITDA a stranger can follow	1m	☐	☐	☐	
A reconciliation from gross revenue to net revenue to adjusted EBITDA	1m	☐	☐	☐	
Pro forma effect of any pricing or cost change made mid-period, quantified	1m	☐	☐	☐	
Government relief funds, wage subsidies and credits identified and excluded	1w	☐	☐	☐	

4. Revenue quality and customer concentration

Item	Prep	Have	Part	Miss	Owner and where it lives
Account-level export: storage revenue, handling revenue, accessorials, cost, margin	1m	☐	☐	☐	
Revenue per square foot and per pallet position, by site, three years	1m	☐	☐	☐	
Revenue share of your top 5 and top 10 customers, all three years	1w	☐	☐	☐	
Customer tenure and volume trend for each major account	1m	☐	☐	☐	
Contract versus spot mix, with the contracts on file	1m	☐	☐	☐	
Signed customer agreements, rate agreements, volume commitments	1m	☐	☐	☐	
Change of control and assignment clauses in customer agreements, listed separately	1m	☐	☐	☐	
Term, renewal and notice provisions summarized: evergreen, fixed, or terminable on notice	1m	☐	☐	☐	
Upcoming RFP and bid calendar for the next twelve months	1w	☐	☐	☐	
Bid award history: what you won, lost and held, with pricing	1m	☐	☐	☐	
Customer churn history: who left, when, and why	1m	☐	☐	☐	
Accessorial capture rate and its trend	1m	☐	☐	☐	

Item	Prep	Have	Part	Miss	Owner and where it lives
Credit memo and rebill history	1m	☐	☐	☐	
Disputed and written-off invoices, last three years	1m	☐	☐	☐	
Unbilled or work-in-process at each period end	1m	☐	☐	☐	
Backlog or committed volume as of the most recent month end	1w	☐	☐	☐	

5. Facilities, inventory and labor

Item	Prep	Have	Part	Miss	Owner and where it lives
FACILITIES					
Lease per facility: remaining term, renewal options, escalations, expansion rights	1m	☐	☐	☐	
Restoration and make-good obligations at lease end, quantified	1m	☐	☐	☐	
If the building is owner-owned, the lease terms with rent stated against market	1m	☐	☐	☐	
Square footage, clear height, dock doors and rack positions per site	1w	☐	☐	☐	
Racking and material handling equipment: owned or leased, condition, capex plan	1m	☐	☐	☐	
Fire suppression rating measured against the commodities actually stored	1m	☐	☐	☐	
Occupancy certificates and municipal compliance per site	1m	☐	☐	☐	
Environmental: Phase I assessment and any contamination history	1q	☐	☐	☐	
CUSTOMERS AND REVENUE					
Customer storage agreements: rate basis, minimums, term and notice periods	1m	☐	☐	☐	
Storage versus handling revenue split, three years	1m	☐	☐	☐	
Occupancy and utilization by month for three years, with seasonality	1m	☐	☐	☐	
Cost per pallet position and per unit handled	1m	☐	☐	☐	
INVENTORY AND RISK					
Inventory accuracy and cycle count records	1m	☐	☐	☐	
Shrink and damage history, with root cause notes	1m	☐	☐	☐	
Customer-owned inventory reconciled to warehouse receipts	1q	☐	☐	☐	

Item	Prep	Have	Part	Miss	Owner and where it lives
UCC or PPSA filings registered against stored goods	1m	☐	☐	☐	
Warehouse legal liability and bailee coverage, with limits	1w	☐	☐	☐	
LABOR					
Direct versus agency labor split, and the agency contracts themselves	1m	☐	☐	☐	
Turnover rate and workers compensation experience modifier	1m	☐	☐	☐	
Union status and any collective agreements, with expiry dates	1w	☐	☐	☐	
Labor cost per unit handled, three years	1m	☐	☐	☐	
CERTIFICATIONS					
Food grade, AIB or SQF, hazmat, C-TPAT or PIP, as applicable	1m	☐	☐	☐	
Bonded or sufferance warehouse status, with licence and bond	1m	☐	☐	☐	
Audit history and findings for every certification held	1m	☐	☐	☐	

6. Working capital and cash conversion

Item	Prep	Have	Part	Miss	Owner and where it lives
DSO by month for three years, with the calculation method stated	1m	☐	☐	☐	
Days payable outstanding on the same basis	1m	☐	☐	☐	
Factoring arrangements: receivables sold, advance rate, terms, fee history	1w	☐	☐	☐	
Borrowing base certificates and covenant compliance history	1w	☐	☐	☐	
Aged credits, unapplied cash and customer prepayments sitting on the AR ledger	1m	☐	☐	☐	
Seasonality analysis so the peg is not set on an unrepresentative month	1m	☐	☐	☐	
A written, consistently applied working capital definition	1w	☐	☐	☐	
Claims and bad debt reserve policy, with how it was applied in each year	1m	☐	☐	☐	

7. Operations, systems and people

Item	Prep	Have	Part	Miss	Owner and where it lives
SYSTEMS AND DATA					
Systems inventory: operating platform, accounting software, operational data stores	1w	☐	☐	☐	
Proof you can export your own data in full, without vendor help	1m	☐	☐	☐	
Software licence terms, and whether each transfers on a change of control	1m	☐	☐	☐	
Ownership of any custom code, integrations, dashboards and scripts	1m	☐	☐	☐	
Domain names, email domains, phone numbers and platform accounts, with registrant detail	1w	☐	☐	☐	
Documented procedures for billing, collections and onboarding	1q	☐	☐	☐	
Cyber incident, fraud and data loss history, and what changed after each	1w	☐	☐	☐	
PEOPLE					
Organization chart with roles and responsibilities	1w	☐	☐	☐	
Employment and contractor agreements, and any non-competes or non-solicits	1m	☐	☐	☐	
Worker classification: contractor versus employee, and any exposure that creates	1m	☐	☐	☐	
Compensation detail including commission structures	1w	☐	☐	☐	
Sales agent agreements, commission splits, and who owns the customer contractually	1m	☐	☐	☐	
Key person analysis: which relationships and knowledge sit with one person	1m	☐	☐	☐	
Customer relationship ownership: who the customer actually calls	1w	☐	☐	☐	
Retention or stay arrangements planned for key staff through close	1m	☐	☐	☐	

8. Corporate records

Item	Prep	Have	Part	Miss	Owner and where it lives
Formation documents and amendments, per entity	1w	☐	☐	☐	
Ownership and capitalization records, including past transfers	1m	☐	☐	☐	
Operating or shareholder agreements	1w	☐	☐	☐	
Board and member consents and minutes	1q	☐	☐	☐	

Item	Prep	Have	Part	Miss	Owner and where it lives
Material contracts: leases, equipment, software, financing	1m	☐	☐	☐	
Litigation history, open and closed, with counsel summaries	1m	☐	☐	☐	
Insurance policies in force, with limits, deductibles and named insureds	1w	☐	☐	☐	
Five years of loss runs from every carrier	1m	☐	☐	☐	
Regulatory correspondence, audits and findings	1m	☐	☐	☐	
Entity good standing and annual filings current, per jurisdiction	1w	☐	☐	☐	

9. Data room structure

01 Financial statements	02 Quality of earnings support
03 Revenue and customers	04 Facilities and operations
05 Operations and systems	06 Corporate and legal
07 Tax, from your CPA	08 Insurance and claims

- Name files so the contents are obvious without opening them.
- Keep one index of what is in the room and what is not there yet. One person owns that index.
- Every file carries a date and a version. Re-issue the set rather than patching single documents.

Staging what you disclose, and when

- Phase one, before LOI: financial statements, operating metrics, and customer concentration with names masked as Customer A through E.
- Phase two, after LOI: customer names, signed contracts, employee detail, carrier and vendor terms.
- Decide the split before the room opens, not when the first request arrives.
- NDA executed before anything leaves your side, and an access log kept throughout.

Consistency check before the room opens

- ☐ Revenue for each year is identical in the P&L, the customer schedule and any marketing material.
- ☐ Adjusted EBITDA is identical everywhere it appears.
- ☐ Volume counts reconcile between the operating export and the revenue schedule.
- ☐ AR on the balance sheet ties to the aging total for the same date.
- ☐ Headcount matches across the org chart, the payroll register and the information memorandum.
- ☐ Inconsistency between documents does more damage to your credibility than a weak number does.

10. Readiness score

Count the lines marked Have, divide by the lines that apply to your business, and read across.

Under 60 percent	You are not ready to open a room. Expect diligence to find the gaps and reprice around them.
60 to 85 percent	Workable. Plan for a longer diligence period and be ready to defend the gaps before they are found.
Over 85 percent	You can open a room and hold your number.

Prefer the records kept this way year round?

ClearLane runs billing, AR, and bookkeeping as a dedicated team, and prepares owner, lender, and transaction reporting on your cadence. getclearlane.com/contact