MERGER SOLUTION
Growth through Partnership.
Trusted M&A Advisory

☐ Maximizing Your Exit Value: Bulletproofing Against Customer Concentration Risk

Did you know?

Having a single customer represent more than 20% of your total revenue is one of the fastest ways to scare off potential buyers.

Why? Because customer concentration is seen as a ticking time bomb. If that customer walks away, your entire business model — and valuation — is suddenly in jeopardy. Smart buyers will take note. The best-case scenario? They demand a steep discount to account for the risk. The worst? They walk away.

The good news: there are practical ways to diversify your revenue and protect your exit value.

☐ Strategies to Diversify Before You Exit

☐ Set Internal Revenue Caps
Implement policies to keep any single customer below 15% of total revenue. If a client starts approaching that threshold, shift growth efforts elsewhere or consider strategic price adjustments to naturally rebalance dependency.

☐ Expand Your Sales Channels
Don't rely on just one or two acquisition avenues. Develop multiple channels — direct sales, strategic partnerships, industry referrals, and digital marketing — to reduce vulnerability and stabilize pipeline diversity.

☐ Target Different Market Segments
Break out of your comfort zone. If most of your business comes from one industry, geography, or company size, actively pursue opportunities in adjacent markets. This protects you from both customer and sector concentration risks.

☐ Build Recurring Revenue Streams
Predictable, smaller contracts often create more enterprise value than a handful of large, one-off projects. Introducing monthly or annual recurring contracts spreads your risk while improving revenue visibility.

☐ The Bottom Line

If an exit is on your horizon, start this diversification process 2–3 years before your sale. That window gives you time to thoughtfully shift your revenue mix—without resorting to rushed or unprofitable deals.

A diversified customer portfolio isn't just good for stability; it can add millions to your exit valuation. By bulletproofing your business against concentration risk, you'll present buyers with a company that's not only attractive—but durable.

 Want to discuss strategies for reducing concentration risk and maximizing your company's exit value? Let's connect. Please email me at mark@mergersolution.com or call me at 407-580-5317