

The National Center For The Middle Market, a collaboration between The Ohio State University, Chubb and Visa, recently published the results of a business transition survey of 300 middle market executives including 75 owners of privately held entities who had successfully exited their businesses within the past 24 months, over half of which were multi-generational family companies. Although the results were not unexpected, it's helpful to be reminded that selling the business one has carefully tended and grown can be a stressful ordeal, even with sufficient planning.

Some key takeaways from the survey results are as follows:

- **Being ready to sell your business doesn't always mean being ready to retire.**

A majority of owners surveyed indicated that their primary reason for selling was to access funds to invest, either in a new business venture or another investment vehicle. Only 17% of respondents were intending to retire.

- **Just because you've prepared the business for sale, doesn't mean you're prepared to let go of the business from a personal standpoint**

Nearly one third of all business owner respondents struggled with assessing the true value of their businesses and the ultimate payout. Throughout the selling process, the anxiety levels rise and fall. 87% of respondents were ultimately very satisfied with the post-sale outcome, but nearly 70% cited the experience of "letting go" as difficult to some degree.

Business Seller Survey

Top Personal Challenges

Top personal challenges owners experienced during a sales transition

Percent of middle market business owners experiencing challenges with various aspects of the sales transition

Assessing the true value of the business	29%
Employee communications	25%
Dealing with tax issues	24%
Dealing with family issues	20%
Bringing together the right internal/external team	19%
Getting fair valuations from potential buyers	19%
Maintaining privacy/control of information and rumors	15%
Getting alignment from family members	15%
Prepping owners' personal finances to position for the sale	13%

Source: National Center For The Middle Market

NOTICE:

Published multiples should only be used as a general guide to market conditions. Many factors will cause multiples to vary for a particular company including; industry, size, customer concentrations, management, brand and various other characteristics. Talk with your CFA representative for guidance. Information provided by Pitchbook may not be used or re-published in any form without written permission of Pitchbook or Corporate Finance Associates.

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- **External advisors are critical to the sales process.**
92% of all respondents worked with a financial advisor and 41% worked with an advisory team.
- **The ultimate sale price and satisfaction with the negotiation process were the deciding factors determining post-sale perceptions**
It's always about the outcome, and in this survey, nearly 90% of middle market business sellers felt they sold at the right time while over three quarters were satisfied with their sales negotiations.

Over the years, Corporate Finance Associates has guided thousands of business owners through the sale process and understands how unique a personal experience this is for each seller. The better your preparation, both business and personal, the better your experience and satisfaction level will be. Business preparation may take up to several years and involve quality of earnings reports among other things. The personal planning may take longer, factoring in financial planning, estate planning, tax optimization, and potential personal counseling to ease you through your exit transition.

