25x30 ACQUISITIONS

A Guide for Sellers

Who's Actually Buying Your Business

"Buyer" is not one thing. The people who might acquire your company fall into distinct categories with genuinely different economics, different financing, different timelines, and very different consequences for your employees, your customers, and your name. Most owners do not learn these differences until they are already deep in a process. This guide lays them out plainly — including where we fit, and where we honestly do not.

The Six Types

1. The Strategic Buyer (often a competitor)

An operating company in your industry or an adjacent one. They are buying your customers, your capacity, your territory, or your capabilities — and folding them into something that already exists.

- **Price:** Can be the highest of any category, because they may capture cost savings and revenue that exist only for them.
- **Financing:** Often their own cash or an existing credit facility — which can mean speed and certainty.
- **Your team at 12 and 36 months:** Duplicated roles are the ones at risk — typically accounting, HR, and administrative functions first. Production and customer-facing staff usually stay.
- **Your name and brand:** Frequently retired within a few years and absorbed into theirs.
- **The particular risk:** You may have to share sensitive information with a direct competitor during diligence — and a meaningful share of these conversations do not end in a transaction. Insist on strong confidentiality protections and stage what you disclose.
- **Best fit for:** An owner whose priority is maximizing price and who is at peace with the company being absorbed.

2. The Private Equity Platform

A fund buying your company as the foundation for something larger, intending to grow it and acquire others around it, then sell the combined entity in roughly three to seven years.

- **Price:** Competitive, and often structured with the opportunity to roll some of your proceeds into equity in the new entity — a "second bite" if the eventual sale goes well.
- **Financing:** Committed fund capital plus acquisition debt. Professional and reliable, though usually with the most demanding diligence process of any category.
- **Your team at 12 and 36 months:** Operating staff generally stays; the business will typically add reporting infrastructure and financial discipline it did not have before. Expect more process.
- **Your role:** They often want you to stay for a defined period, and sometimes want you to keep running it. That is an opportunity for some owners and a burden for others.
- **The particular risk:** The second bite is real but not guaranteed — it depends on an exit you will not control. Value your rolled equity at zero when you decide whether the cash portion is enough.
- **Best fit for:** An owner who wants a strong price, is comfortable with institutional ownership, and is open to staying involved.

3. The Private Equity Add-On

A fund that already owns a company in your space and is bolting yours onto it. Different from a platform purchase in almost every practical respect.

- **Price:** Can be strong, since they may value you at the larger platform's multiple rather than your own.
- **Your team at 12 and 36 months:** Back-office functions are commonly consolidated into the platform — this is often the explicit purpose of the acquisition.
- **Your name and brand:** Usually folded into the platform brand, sometimes quickly.
- **Speed:** Frequently the fastest process of any category, because the buyer already understands the industry.

- **Best fit for:** An owner who wants a competitive price and a clean, quick exit without a long transition role.

4. The Search Fund

An individual — often a recent business school graduate — backed by a group of investors, looking for one company to buy and personally operate for years.

- **Price:** Market-competitive, constrained by their investor group and their debt capacity.
- **Financing:** Committed investor capital, frequently combined with SBA or conventional debt. Verify the capital is actually committed, not merely indicated.
- **Your team:** Generally preserved — they need the team to run the business, and they are not consolidating it into anything.
- **Your name and brand:** Usually retained.
- **The particular risk:** Operating experience varies considerably. Some are outstanding; some are learning on your company. Ask directly what they have run before.
- **Best fit for:** An owner who wants continuity and a single accountable person, and who is comfortable being that person's first business.

5. The Individual Operator-Buyer

A single experienced operator buying a company to own and run, typically with SBA financing and their own capital personally at risk. This is our category, so read this section with appropriate skepticism and verify it against what you find.

- **Price:** Real and market-based, but with a genuine ceiling. The purchase must support a debt payment the buyer personally guarantees, which limits how high they can responsibly go. A strategic buyer can sometimes pay more.
- **Financing:** SBA lending plus the buyer's own equity, usually with a seller note. SBA timelines are slower than an all-cash strategic buyer — plan on roughly 90 days from an accepted offer.
- **Your team at 12 and 36 months:** There is no other company to consolidate into, so the team is the asset. Continuity is typically highest in this category.
- **Your name and brand:** Usually retained, often for a long time.
- **The particular risk:** A single buyer with a single source of financing means fewer fallbacks if their lending falls through. Ask for evidence of pre-qualification, not just confidence.
- **Best fit for:** An owner for whom continuity of team, culture, and name matters as much as price, and who wants to deal with one accountable person from first call to close.

> *To be straightforward about it: if maximizing headline price is your single objective, a strategic buyer in your industry may well beat us, and you should talk to one. We compete for the owners whose priorities are broader than that.*

6. Management Buyout, Family Transfer, or ESOP

Selling to the people already there — your management team, your children, or your employees through an ownership trust.

- **Price:** Frequently the lowest of any category, because the buyers rarely have independent capital.
- **Financing:** The hardest part by far. Usually requires substantial seller financing, which means you are the bank and you carry the risk for years.
- **Continuity:** The highest possible — nothing changes on day one.
- **The particular risk:** You may remain financially exposed to the business long after you have stopped controlling it. Family transitions in particular can strain relationships when the business struggles.
- **Best fit for:** An owner whose primary objective is legacy and continuity, who does not need full liquidity at closing, and who has a genuinely capable successor already in place.

Side by Side

Buyer type	Price potential	Continuity for your team	Speed	Your likely role after
Strategic / competitor	Highest	Mixed — overlap at risk	Fast if cash	Short or none
PE platform	High	Good, with more process	Slow, heavy diligence	Often 2–3 years
PE add-on	High	Back office consolidated	Fastest	Short
Search fund	Market	Good	Moderate	Transition period
Individual operator	Market, with a ceiling	Highest	Moderate (SBA)	Flexible — your choice
MBO / family / ESOP	Lowest	Highest	Varies	Often ongoing

How to Tell Which One You Are Talking To

Buyers do not always announce their category, and some descriptions are deliberately vague. These questions sort it out quickly, and any credible buyer will answer all of them directly.

1. Are you buying this business to operate it yourself, to add it to something you already own, or on behalf of investors?
2. Where is the money coming from, and what still has to happen for it to be available?
3. Have you completed an acquisition before? How many, and may I speak with one of those sellers?
4. What happens to my management team in the first year? Which functions, if any, would be consolidated?
5. Does the company keep its name?
6. What do you expect from me after closing, and for how long?
7. What is your expected holding period — do you intend to sell this business again?
8. What would cause you to walk away during diligence?

> *The answer to question three is the most revealing. A buyer who will connect you with a seller they have already closed with is telling you something no marketing material can.*

Choosing Well

There is no universally best category — there is only the best fit for what you actually want, which is worth deciding before you take the first call rather than during the third one. An owner who needs maximum liquidity for retirement should optimize differently than one whose main concern is the fifty people who work there.

Be honest with yourself about the ranking of price, certainty, continuity, and speed. Then ask each buyer the questions above and see who is consistent between what they say and what their record shows. The mismatch between the two is where sellers get hurt — not in choosing the wrong category.

This guide describes general patterns across buyer categories. Individual buyers vary widely, and any specific buyer may behave differently from the norms described here. Evaluate the buyer in front of you on their own record.

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