MERGERS™
CO.UK

SELL-SIDE ADVISORY ONLY

COMPLETE PACK

The Mergers Insight Library

Every guide for UK SME founders considering a partial or full sale

Tony Vaughan, Founder
Tel 0330 133 2020 | nextstep@mergers.co.uk | mergers.co.uk

MERGERS

Sell-side M&A advisory for UK SME founders

The Complete Guides Pack

Seven cornerstone guides on partial sales, succession and founder-led exits

Compiled April 2026 | mergers.co.uk

Contents

MERGERS.CO.UK | CORNERSTONE GUIDE

Partial Business Sale as a Succession Strategy

For founder-led UK SMEs: how a phased sale to a complementary trade buyer can de-risk retirement, protect future value, and avoid the cliff edge of a full sale with an earn out.

Tony Vaughan | Mergers.co.uk

Sell-side advisory for UK business owners considering a partial sale

April 2026

Partial Business Sale as a Succession Strategy

For many founder-led SMEs, the biggest risk in a retirement-driven sale is not finding a buyer. It is proving the business can thrive without the founder on day one.

> **IN PLAIN ENGLISH**
>
> A partial business sale lets you sell part of your company now to a complementary larger trade buyer, take meaningful cash off the table, stay involved as the business is strengthened, and exit fully later on better terms, without the cliff edge of a full sale or the strain of a contingent earn out.

Most UK SME owners leave succession planning until it is too late. They keep running the business until they are tired, until the business has become too dependent on them, or until a buyer starts to worry that too much value walks out of the door the day the founder leaves.

That is the cliff edge problem. The owner wants to retire. The business needs the owner. And the buyer is not willing to pay full price for a business it does not yet trust to run itself.

There is a better answer for many founders. A partial business sale to a complementary larger trade buyer can release capital now, reduce the founder's personal exposure, bring in strategic capability, and create a planned runway to a future full exit.

The problem with cliff edge retirement exits

A sudden 100% sale at the point the founder wants to step away is a difficult deal to do well. The buyer is being asked to take on a business and lose the person who has been at the centre of it on the same day. That is a lot of risk to underwrite at a clean price.

In practice, the cliff edge tends to surface as:

- owner dependency that has never been formally addressed
- customer relationships that sit with the founder personally
- management succession gaps below board level
- buyer nervousness about post-completion performance
- reduced valuation confidence and a wider bid–ask spread
- pressure to accept a heavy earn out to bridge the gap
- loss of meaningful control the moment contracts are signed

If the business still relies heavily on the founder, the buyer is not just buying the company. They feel they are buying the founder's future cooperation.

Why larger acquirers worry about founder dependency

Larger trade buyers are often genuinely interested in good UK SMEs. What they need is confidence that the business will continue to perform after acquisition. Founder dependency is the single most common reason that confidence is hard to give.

A serious acquirer will quietly ask:

- Who actually owns the key customer relationships?
- Who prices work and wins new contracts?
- Who manages strategic suppliers?
- Who holds the technical or commercial knowledge that sets the business apart?
- Who keeps the senior team together?
- Who understands the culture and the informal way decisions actually get made?

Why a 100% sale with an earn out is not always the clean answer

The standard advisory response to founder dependency is an earn out. Sell 100% on day one, agree a portion of the consideration to be paid later if the business hits agreed targets, and bridge the gap that way. It can work. It is also not the right structure for many retirement-driven founders.

In plain English, an earn out usually means:

- the seller has sold the business immediately
- future payments depend on performance after completion
- day-to-day control sits with the buyer
- disputes can arise over costs, investment decisions, staff, strategy and accounting treatment
- the seller is contractually tied to the business without the same authority they had before
- the buyer often wants control faster than the founder is emotionally or commercially ready for

Earn outs have a place. The issue is asymmetry. After completion the seller carries performance risk without ownership control. For a founder who wanted a planned, dignified transition into retirement, that can feel like the worst of both worlds.

How a partial business sale can create a better succession pathway

A partial business sale works on a different principle. The owner sells a meaningful stake to a complementary larger trade buyer, retains the rest, and uses the next phase to professionalise the business, reduce dependency on the founder, and prepare for a future exit. The transition becomes a project, not a single day.

For a retirement-driven founder, the benefits stack up quickly:

- take meaningful money off the table now
- retain an equity stake in future growth
- bring in a strategically relevant trade partner
- reduce founder dependency over time, with help
- create a credible succession plan that buyers can underwrite
- support the existing senior team through the transition
- access better systems, resources, customers, buying power and operational depth
- build towards a stronger second-stage exit on improved metrics
- avoid the abrupt personal break of a full sale

Why a complementary trade buyer can be the right partner

The right trade buyer is not just buying shares. They are bringing capability into the business that the founder, however good, would struggle to assemble on their own in the time available. That is the difference between capital and partnership.

A genuinely complementary trade buyer can typically bring:

- management strength and depth below board level
- operational systems, processes and reporting discipline
- established sales channels and route-to-market
- technical capability the existing team can learn from
- access to larger customers and longer-term contracts
- supplier leverage and improved buying terms
- balance sheet strength to support investment
- sector knowledge and credibility with larger counterparties
- a route to long-term succession that does not depend on one person

Partial sale versus 100% sale with earn out

Side by side, the structures behave very differently in the years that matter most for a retirement-driven founder.

Dimension	100% sale with earn out	Partial sale to a trade partner
Ownership	Seller usually transfers 100% on day one	Seller retains a meaningful equity stake
Control	Buyer controls the company after completion	Control negotiated and staged, often with reserved matters
Future value	Future proceeds may be conditional on targets	Founder keeps equity participation in future growth
Founder role	Employee or contractor under buyer authority	Continuing shareholder and transition partner
Succession	Compressed into the transition period	Planned over several years with buyer support
Risk and upside	Seller carries post-sale performance risk without ownership control	Risk and upside shared more evenly with the partner

When a partial sale may be especially suitable

- The owner wants to retire in three to seven years
- The business is good but still founder-dependent
- There is no obvious internal successor
- The owner wants to de-risk personally but not walk away
- The business could grow faster with a larger partner
- The owner wants to protect staff and customers
- A full sale today would price in too much succession risk
- There is a credible second-stage exit horizon

When a partial sale may not be suitable

- the owner wants a clean break immediately

- the business is too small to attract genuine strategic acquirer interest
- the seller cannot work collaboratively with a new shareholder
- the business has limited growth or strategic value to a partner
- the buyer and seller cannot align on the next three to five years
- governance and decision rights cannot be cleanly agreed in writing

Planning the second stage exit

A well-built partial sale typically addresses:

- what stake is sold now, and what is retained
- how the founder’s role evolves over the next three to seven years
- how the remaining shares are valued at the second-stage exit
- whether there is a put and call mechanism, and when it can be triggered
- how performance is measured and reported during the runway
- how governance, board representation and reserved matters work
- what happens if circumstances change for either side
- how staff, customers and suppliers are managed through the transition

Why early planning protects value

The best time to consider a partial sale is before the founder is exhausted and before the business has lost momentum. The stronger the business looks, the more options the owner usually has, and the more competitive the eventual partner discussion becomes.

Acting early lets the founder choose the partner, set the structure, and shape the runway. Acting late narrows the choices and usually compresses the price.

Conclusion

A retirement-driven exit does not have to be a cliff edge. A partial business sale to the right complementary trade buyer can let an owner take meaningful value off the table, reduce personal risk, protect staff and customers, build proper succession, and retain a stake in future upside.

PLANNING YOUR FUTURE EXIT?

See how a partial business sale could shape your succession

Our partial business sale advisory service is built specifically for UK founders planning a phased exit. The next step is a confidential conversation, not a pitch.

Arrange a confidential discussion →

Partial business sale advisory

Confidential enquiry form: https://www.mergers.co.uk/contact#contact · Service page: https://www.mergers.co.uk/partial-business-sale#next-steps

CORNERSTONE GUIDE

Partial Sale: Trade Partner or Private Equity?

Why UK SME founders should not assume private equity is the best route for a partial business sale, and how a complementary trade partner may deliver stronger business equity, sector synergy and a more logical route to a future full exit.

By Tony Vaughan · Mergers.co.uk

Published April 2026 · 18 min read

Partial Sale: Trade Partner or Private Equity?

Private equity may suit some high-growth businesses, but many SME owners should also consider whether a complementary trade partner could deliver better business equity, stronger synergy and a more logical route to future value.

> **IN PLAIN ENGLISH**
> *Private equity is well known and well marketed, but it is not automatically the best partner for a partial sale. For many established UK SME owners, a complementary larger trade buyer may bring capital plus sector knowledge, customers, systems and succession support. That combination is what we call business equity, and it can be more valuable than capital alone.*

When a UK SME owner starts thinking about selling part of the company, taking some money off the table, or finding a growth partner, the conversation almost always turns to private equity within minutes. Private equity is the route the press writes about, the route advisers find easiest to describe, and the route many founders assume is the most sophisticated answer.

Default does not mean best. For many founder-led SMEs, the most valuable partner may not be the one with only financial capital. It may be the one with sector knowledge, customer access, management depth, operational infrastructure, technical capability, supplier leverage and a genuine strategic reason to help the business grow.

That is the difference between private equity and **business equity**. This guide explains the distinction, where each route fits, and why a partial sale to a complementary trade partner deserves a serious place on the shortlist of any owner of a £3m-plus turnover UK business considering a partial deal.

The private equity trap

Business owners are often drawn to private equity because it sounds sophisticated, well funded and ambitious. The pitch is familiar: institutional capital, professional governance, a sharper management cadence, and a clear plan to scale the business and exit at a higher multiple within a defined period.

Private equity firms can be excellent partners in the right situation. The trap is not the asset class. The trap is assuming that raising financial capital is the same as gaining strategic capability. They are not the same thing.

- private equity is primarily financially motivated
- investors usually need a defined return within a defined timeframe
- the model often depends on growth, leverage, professionalisation and a future exit
- that can work extremely well for the right business
- it can also create pressure, reporting demands and strategic expectations that do not suit every founder-led SME

IN PLAIN ENGLISH

Private equity is money with a return target. A complementary trade partner may be money, market knowledge, customers, systems, people and succession support in one deal.

Private equity is not wrong. It is just not automatically right.

When private equity can be the right answer

A balanced view matters. Private equity is the better route in plenty of situations, particularly where the business has the profile that the model is designed to support.

- high growth potential
- scalable systems and processes
- a strong management team below the founder
- a clear buy-and-build opportunity
- recurring revenues and high margins
- a disruptive proposition or sector consolidation play
- ambitious owners who want to accelerate growth
- a clear exit pathway within a reasonable investment period
- capacity to absorb formal governance and reporting
- willingness to share decision-making with a financial board

For these companies, private equity may be exactly the right partner. Growth capital from a credible institutional investor can transform what the business is capable of in three to five years. The problem is not private equity itself. The problem is assuming it is the only serious option.

Why retirement-driven exits are different

Many UK SME owners considering a partial sale are not trying to become the next high-growth platform. They are thinking about succession, personal de-risking, retirement planning, management transition or reducing founder dependency. For those owners, the right answer may not be a purely financial investor.

- the owner may want a planned exit over three to seven years
- the business may still rely heavily on the founder
- the management team may need genuine support, not just oversight
- customers and staff may need confidence about who is taking over
- the owner may want commercial continuity, not aggressive change
- the best buyer may already understand the market and be able to carry the business forward

A retirement-driven partial sale is often less about raising money and more about finding the right long-term home for the business. That is a different question, and it usually has a different answer.

What is business equity?

Business equity is the value created when a partner brings practical business advantage as well as capital. It is the part of the deal that does not show up on the cheque on completion day, but that materially changes what the business is worth in three years' time.

Business equity may include:

- sector knowledge and market reputation
- customer relationships and cross-selling opportunities
- supplier access and procurement leverage
- technical capability and product overlap
- sales channels and geographic expansion
- management infrastructure and operational systems
- brand credibility and recruitment strength
- shared culture, commercial understanding and practical succession capacity

> **IN PLAIN ENGLISH**
> *Private equity brings financial firepower. A complementary trade partner may bring financial firepower plus commercial firepower.*

Why a complementary trade partner may be more logical

A larger trade partner who already operates in or around your sector starts the conversation with several advantages over a financial investor. They are not learning your market from a sector report. They are already living in it.

- they already understand the customers
- they understand the market risks
- they understand the margin dynamics
- they may already know the suppliers
- they can spot operational improvements quickly
- they may have relevant management capacity to support succession
- they bring immediate credibility with staff, customers and suppliers
- they may have cross-selling or channel opportunities
- they can often create value through synergy, not just financial engineering

None of this is automatic. Not every trade partner is the right trade partner, and not every sector overlap produces real value. The point is that, in the right circumstances, a complementary trade buyer may add a layer of commercial logic that a financial investor cannot match.

CONSIDERING A PARTIAL SALE?

Test both routes properly before you commit to one

Our partial business sale advisory service maps complementary trade partners and relevant private equity investors side by side, so you can compare real offers and the capability behind them, not theoretical ones.

Arrange a confidential discussion →

Partial business sale advisory

Primary: https://www.mergers.co.uk/contact#contact · Service page: https://www.mergers.co.uk/partial-business-sale#next-steps

Synergy versus financial engineering

Both private equity and trade partners aim to create value. They simply do it in different ways. Understanding the distinction helps you judge which model is more likely to fit your business and your goals.

Private equity value creation

- growth targets and KPIs
- additional acquisitions (buy-and-build)
- management strengthening and incentive design
- operational improvement programmes
- debt structuring and capital efficiency
- exit multiple expansion
- financial discipline and reporting

Trade partner value creation

- customer access and channel sharing
- combined sales and marketing reach
- supplier leverage and procurement savings
- shared systems and back-office capability
- sector knowledge and technical collaboration
- operational integration where it adds value
- brand strength and market credibility
- practical succession support

A financial investor normally has to create value from the outside in. A complementary trade partner may already be inside the commercial logic of the sector. Both can work. The question is which is more relevant to your business at this stage of its life.

Why a trade partner can sometimes pay more

A complementary trade buyer may be able to justify value differently from a financial investor, because the value they see is not only standalone earnings. It is the combined value of two businesses brought together. A trade partner may be able to pay for:

- identifiable revenue and cost synergies
- cross-selling into an existing customer base
- margin improvement from shared infrastructure
- strategic positioning in the sector
- customer access in markets they cannot otherwise reach
- capability gaps they would otherwise need to build
- market share and competitive insulation
- defensive value (keeping the asset away from a rival)
- long-term integration benefit

Private equity must consider investor returns, debt capacity, entry valuation, exit assumptions and investment period. The maths is naturally constrained by the model. This does not mean trade buyers always pay more. They do not. But where real synergy exists and a structured process forces it to be tested, a complementary trade partner may see and justify value that a purely financial buyer cannot.

Partial sale as a bridge to a future full exit

One of the strongest arguments for a complementary trade partner is what happens after the first transaction. A well-structured partial sale is not the end of the story. It is the start of a planned route to a future full exit.

The owner sells an initial stake, takes meaningful capital off the table, retains a stake in future upside, and continues to lead or support the business as the partner brings their capability to bear. Several years later, the remaining shares are sold, very often to the same partner, at a stronger valuation reflecting the work done in between.

- take meaningful value off the table now
- retain upside on the shares you keep
- reduce personal risk and concentration
- build management succession in a planned way
- improve management depth before final handover
- protect staff and customer relationships
- create a natural future buyer for the remaining shares
- avoid a sudden cliff-edge sale or strained earn out

Private equity versus complementary trade partner

The table below sets out the practical differences. Neither column is good or bad. The right answer depends on the business, the owner and the goal.

Dimension	Private equity	Complementary trade partner
Primary motivation	Financial return within an investment period	Strategic and commercial fit, plus return
Value contribution	Capital, governance, discipline, acquisition strategy	Capital plus sector knowledge, customers, systems, people
Best fit	High-growth, scalable, acquisitive or disruptive businesses	Established SMEs where synergy, succession and sector fit matter
Time horizon	Typically investment-period driven (3–5 years)	Often a longer strategic view
Founder succession	Depends on management depth and growth plan	May provide operational support and succession capacity
Future exit	Usually onward sale or refinancing	May provide a natural second-stage buyer for remaining shares
Main risk	Pressure on growth, leverage, reporting and exit timing	Integration, culture and control if poorly matched
Best question to ask	Can this investor help fund and accelerate growth?	Can this partner make the business stronger because of what they already do?

> IN PLAIN ENGLISH
>
> *The right question is not 'Can I get private equity?' The better question is 'Who can make my business more valuable and more sustainable after I reduce my involvement?'*

The cultural fit question

Trade partner deals are not automatically better. The wrong trade partner can be a poor choice, sometimes a worse one than a sensible private equity backer. Cultural fit is not a soft issue. It is the single biggest predictor of whether a partial sale ages well or badly.

- culture and values must align
- customer treatment must be consistent with how you have built the business
- staff treatment matters, especially through transition
- decision-making style must be workable for both sides
- integration approach must be agreed up front
- control rights must be clear in the shareholders' agreement
- the second-stage exit mechanism must be properly defined, not assumed

Questions owners should ask before choosing private equity

A short, honest checklist before going down the private equity route. None of these are leading questions. They are the questions a good adviser will ask you anyway.

1. Do I need money, capability, or both?
2. Is my business genuinely suited to a private equity growth model?
3. Would a complementary trade partner understand my market better?
4. Could a trade buyer release synergies that a financial investor cannot?
5. Is my goal growth, succession, retirement, or a mix of all three?
6. Do I want a financial investor or a strategic partner?
7. Who is most likely to protect and grow the business after I reduce my involvement?
8. Which route gives me the best chance of maximising both first-stage and second-stage value?
9. Am I choosing private equity because it is right, or because I have not properly explored trade options?

> **IN PLAIN ENGLISH**
> *A partial sale should not just be about selling shares. It should be about choosing the partner most likely to increase the value of the shares you keep.*

When a trade partner may not be the right answer

A balanced guide has to be honest about when a complementary trade partner is not the right route. This will not suit every situation, and it would be misleading to suggest otherwise.

- the seller is concerned about competitor sensitivity around commercially valuable information
- confidentiality risks are too high to approach plausible trade parties
- cultural fit with credible candidates is poor
- the trade buyer wants too much control too soon
- there is no clear strategic benefit beyond simple revenue addition
- the buyer is not financially strong enough to be a credible long-term partner
- the deal terms for the second-stage exit cannot be cleanly agreed
- the seller wants purely financial investment without operational involvement

In any of these cases, a private equity solution or a different structure entirely may genuinely be the right answer. The point of the exercise is to find out, not to assume.

Why the process matters

Finding the right trade partner is not the same as casually approaching the obvious competitor down the road. It requires a structured, confidential, research-led M&A process that tests both trade and financial routes side by side.

- mapping the market for relevant trade and financial buyers
- identifying complementary acquirers with real strategic logic
- screening for strategic, financial and cultural fit

- protecting confidentiality at every stage
- positioning the opportunity in commercial, not just financial, terms
- creating competitive tension so options can be properly compared
- negotiating control, governance, valuation and second-stage exit terms

The best answer is rarely found by speaking to one obvious buyer. It comes from properly testing the market.

Conclusion

Private equity has its place. For high-growth, scalable, ambitious companies, it can be an excellent route. It should not be treated as the default answer for every partial sale, succession plan or retirement-driven exit.

For many SME owners, a complementary trade partner may offer something more relevant than capital alone. They may bring customers, systems, sector knowledge, management depth, strategic fit and a clearer route to future value. That is business equity, and for the right founder it can be worth more than a higher headline cheque from a purely financial investor.

Do not fall into the private equity trap without first exploring whether a deal with a larger trade partner could work better for your business, your people, your customers and your eventual exit.

CONSIDERING A PARTIAL SALE?

Test both routes properly before you commit to one

Our partial business sale advisory service maps complementary trade partners and relevant private equity investors side by side, so you can compare real offers and the capability behind them, not theoretical ones.

Arrange a confidential discussion →

Partial business sale advisory

Primary: https://www.mergers.co.uk/contact#contact · Service page: https://www.mergers.co.uk/partial-business-sale#next-steps

Read the full online guide:
https://www.mergers.co.uk/insights/partial-sale-trade-partner-vs-private-equity

Arrange a confidential discussion with Tony Vaughan, founder.

Tel: 0330 133 2020 ■ Email: nextstep@mergers.co.uk ■ mergers.co.uk/contact

Mergers.co.uk is a trading style of VEXUS Corporate Limited. 78 Pall Mall, London SW1Y 5ES.

Selling a Majority Stake and Staying Involved

Many UK founders do not actually want a clean break. They want to take meaningful capital out, reduce personal exposure, and stay involved in the business they built. A well-structured majority stake sale can do exactly that, if it is done properly, with the right partner, and with the right protections in writing.

Tony Vaughan | Mergers.co.uk

Sell-side advisory for UK business owners

April 2026

THE FOUNDERS' GUIDE

Selling a Majority Stake and Staying Involved

Many UK founders do not actually want a clean break. They want to take meaningful capital out, reduce personal exposure, and stay involved in the business they built. A well-structured majority stake sale can do exactly that, if it is done properly, with the right partner, and with the right protections in writing.

What it actually means

A majority stake sale is a transaction where a founder sells more than 50% of the equity, typically 60% to 80%, to a strategic trade partner, private equity firm or family office, while retaining a meaningful minority stake and an ongoing role as MD, CEO or executive chair.

You take a significant capital sum out of the business now, reduce personal financial concentration, and stay involved in the next phase of growth. Your post-deal role, authority limits, board representation and length of commitment are negotiated and written into the shareholders' agreement before completion.

Who this route suits

- You run a profitable UK SME, broadly £2m to £25m turnover.
- You want significant cash out, but you are not ready to retire or walk away.
- You want to stay involved as managing director, CEO or executive chair after the deal.
- You want the right partner alongside you for the next phase, not just the highest bidder.
- You want an adviser whose loyalty is to you, not to the buyer.

Why not just sell the whole business

A clean full exit gives certainty and closure. A majority sale gives you three things a single full sale cannot: meaningful capital out now, a continuing role in something you still believe in, and retained equity that participates in the next phase of value creation.

For the right founder and the right business, the combined return, first transaction plus the eventual second exit on the retained stake, can exceed what a single full sale would deliver today.

IN PLAIN ENGLISH

You sell most of the equity now, take serious cash off the table, and keep a smaller stake plus a defined role. The new majority owner brings capability or capital. You both work towards a second exit on better numbers.

Strategic trade partner vs private equity

Dimension	Strategic trade partner	Private equity
Primary value	Customers, capability, sector reach	Capital, governance, exit discipline
Time horizon	Often longer term	Typically 3 to 5 years to exit
Founder role	Often MD or executive chair	Usually MD with clear KPIs
Second exit	Strategic acquisition or trade to peer	Sale to larger PE or trade buyer
Governance	Lighter, commercially driven	Formal board, monthly reporting

How much control you actually keep

Less than before, by definition. The majority shareholder has the final say on most strategic matters. However, well-negotiated minority protections give the retained founder meaningful influence and protection against being squeezed out or marginalised.

- Reserved matters that require your consent (issuing shares, key hires, sale of business)
- Board seat and information rights
- Anti-dilution protection on your retained equity
- Tag-along rights on a second sale
- Sensible good-leaver / bad-leaver definitions
- Clear mechanics for the eventual second exit

What to protect before you sign

The non-negotiables sit in the shareholders' agreement, not the share purchase agreement. The SPA crystallises the cash. The SHA defines the next three to seven years of your life.

- Your post-deal role, remuneration and notice period
- Reserved matters and board composition
- Information and reporting rights
- Anti-dilution and pre-emption rights on your retained stake
- Drag and tag rights aligned with your timeline
- Restrictive covenants that are commercially fair
- A clear mechanism, valuation basis and timing for the second exit

WHAT FOUNDERS GET WRONG

They focus on the headline price and under-negotiate governance. The headline number is settled in weeks. The governance terms shape the next three to seven years.

How a proper sell-side process works

- Discovery: agree your personal and commercial objectives in writing
- Preparation: information memorandum, financial model, vendor due diligence
- Targeted outreach: a confidential shortlist of credible buyers, not a broadcast
- Competitive tension: structured indicative bids, then refined offers
- Negotiation: headline value, governance, role, second-exit mechanics
- Completion: legal documentation, due diligence management, signing

When this beats a full exit

- You are not emotionally ready to leave but want to de-risk personally
- The business has further growth, with the right partner alongside you
- Succession is not yet built and a clean handover would damage value
- You want flexibility on timing rather than a single irreversible decision

Founder questions, answered

Can I remain managing director after selling a majority stake?

In many cases, yes. A capable founder running a business well is part of the value the buyer is paying for. Remaining as MD is common in trade partner deals and platform PE transactions. It needs to be agreed up front and supported by a clear governance framework.

Who buys a majority stake in a UK SME?

Strategic trade partners, private equity firms (platform or bolt-on), family offices, and management-backed acquisition vehicles. The right buyer for your business depends on what they bring beyond capital.

Is a trade partner better than private equity?

Neither is universally better. Trade partners often bring genuine commercial value and a longer horizon. Private equity brings capital, governance discipline and a structured exit timetable. The right answer depends on goals, sector dynamics and the partners actually available to you.

Is a majority stake sale right for every founder?

No. It suits founders who want significant liquidity but not retirement, who genuinely want a partner rather than a boss, who can adapt to formal governance, and who believe the business has further to grow.

Arrange a confidential discussion with Tony Vaughan, founder.

Tel: 0330 133 2020 ■ Email: nextstep@mergers.co.uk ■ mergers.co.uk/contact

Mergers.co.uk is a trading style of VEXUS Corporate Limited. 78 Pall Mall, London SW1Y 5ES.

Arrange a confidential discussion with Tony Vaughan, founder.

Tel: 0330 133 2020 ■ Email: nextstep@mergers.co.uk ■ mergers.co.uk/contact

Mergers.co.uk is a trading style of VEXUS Corporate Limited. 78 Pall Mall, London SW1Y 5ES.

Sell My Business But I Am Not Ready to Retire

Confidential guidance for UK founders who want options, not ultimatums. A managed runway to succession and exit, on your terms.

Tony Vaughan | Mergers.co.uk

Sell-side advisory for UK business owners

April 2026

THE FOUNDERS' GUIDE

Sell My Business But I Am Not Ready to Retire

Confidential guidance for UK founders who want options, not ultimatums. A managed runway to succession and exit, on your terms.

Why this position is the most common one we see

If you are searching 'sell my business' but you are not ready to retire, you are in the most common position we see with founder-led UK SMEs. You want certainty, you want to reduce risk, and you want options. You simply do not want your life's work to turn into a rushed decision or a forced retirement.

Many owners think selling a business is a single event. In reality, it can be a staged plan. For founders who still have energy and ambition, the best answer is often not an immediate full exit. It is a structured path that gives you liquidity and support now, with a proper runway to a future sale on better terms.

WHAT IS A MANAGED RUNWAY

A structured plan to reduce founder dependency, strengthen management and systems, improve valuation drivers, and create a credible pathway to succession and a full exit on better terms, typically over three to five years.

Common starting positions

- You want to take cash off the table without walking away
- You are tired of carrying everything personally, but still enjoy the work
- Family or financial planning needs liquidity inside two to three years
- Succession is unresolved and you do not want a cliff-edge handover
- The business is good, but founder dependency limits its value to a buyer

How a partial sale fits

A partial sale lets you take some cash off the table while retaining a meaningful stake and continuing to lead the business with a complementary partner alongside you. The partner brings capital, capability or both. You stay in control day to day, build the team, and the second exit becomes the larger event.

What changes the value of your business

- Maintainable EBITDA after normalisation for owner-specific costs

- Repeatability and recurring revenue
- Customer concentration and contract length
- Management depth below the founder
- Cash conversion and working capital discipline
- A credible growth plan a buyer can underwrite

Building the runway

- Clarify personal objectives and timeline in writing
- Identify founder dependency and the operational constraints that limit scalability
- Strengthen the senior team and delegate decision rights
- Improve reporting, cash discipline and forecasting
- Run a confidential sell-side process when the numbers and the team are ready

CONFIDENTIALITY

A confidential sell-side process uses controlled outreach, staged information release, and NDAs to protect staff, customers and suppliers while qualifying serious buyers. Premature disclosure is the single biggest avoidable risk.

Founder questions, answered

What are my exit options if I want to keep working for a few more years?

Common options include a partial sale to a growth partner, a full sale with a defined transition period, a management buyout, or employee ownership if suitable.

How do I build succession without losing control too early?

Clarify roles, delegate decision rights, strengthen reporting, build management capability, and use governance and incentives. Control is protected through structure and reserved matters if a partner is involved.

Will a buyer push me out after I sell?

They can if the deal is structured poorly. This is why control protections, reserved matters, and a clear post-deal role must be agreed early.

How long does a staged exit usually take?

Often three to five years, though it depends on the starting position, market conditions, and how quickly management depth and repeatable performance can be built.

What should I do first?

Start with a confidential discussion. Clarify personal objectives and timeline, then identify founder dependency and the operational constraints that limit scalability.

Arrange a confidential discussion with Tony Vaughan, founder.

Tel: 0330 133 2020 ■ Email: nextstep@mergers.co.uk ■ mergers.co.uk/contact

Mergers.co.uk is a trading style of VEXUS Corporate Limited. 78 Pall Mall, London SW1Y 5ES.

Arrange a confidential discussion with Tony Vaughan, founder.

Tel: 0330 133 2020 ■ Email: nextstep@mergers.co.uk ■ mergers.co.uk/contact

Mergers.co.uk is a trading style of VEXUS Corporate Limited. 78 Pall Mall, London SW1Y 5ES.

The Psychology of Selling Your Business

Selling part of a business you built from nothing is not a purely financial decision. It touches on identity, control, legacy and personal confidence. This guide explores what founders actually experience when they consider a partial sale.

Tony Vaughan | Mergers.co.uk

Sell-side advisory for UK business owners

April 2026

THE FOUNDERS' GUIDE

The Psychology of Selling Your Business

Selling part of a business you built from nothing is not a purely financial decision. It touches on identity, control, legacy and personal confidence. This guide explores what founders actually experience when they consider a partial sale.

> **IN PLAIN ENGLISH**
>
> The hardest part of selling a stake is rarely the spreadsheet. It is the personal decision around identity, control and timing. Founders who make peace with those questions before they start a process tend to negotiate better, stress less and have far fewer regrets afterwards.

Your business is part of who you are

Most founders do not think of their business as a balance sheet entry. It is the thing they built when they left a comfortable job, took a risk and proved themselves right. It carries their name, their reputation and their sense of purpose.

That is why the idea of selling, even partially, can feel like a personal question rather than a commercial one. Recognising this is the first step. You are not being irrational if you feel conflicted. You are being honest about the fact that this is a significant life decision, not just a transaction.

Control is rarely binary

The most common fear we hear from founders is losing control. But in practice, control is not all or nothing. A minority stake sale leaves you with majority ownership and operational authority. A majority stake sale can still include reserved matters, board seats and a defined role for the founder.

Many founders discover that sharing some control with a capable partner is actually a relief. The burden of carrying every decision alone, from hiring to cash flow to strategy, diminishes when someone credible is alongside you.

There is no perfect time, but there are better windows

Founders often delay because they are waiting for the business to reach a milestone, a revenue target, a new contract or a clean year of growth. The problem is that another milestone always appears on the horizon.

The best time to explore a partial business sale is when the business is performing well, when you have energy for a process and when there is enough runway to complete it properly. Waiting until you are exhausted, distracted or under financial pressure narrows your options and weakens your negotiating position.

Confidence comes from preparation, not certainty

No founder has ever walked into a partial sale process feeling 100% certain. Confidence does not come from eliminating doubt. It comes from understanding your options, knowing your numbers and having a clear picture of what life looks like after the deal.

Founders who enter a process with a clear set of personal objectives, around cash, role, timeline and governance, make better decisions under pressure and are far less likely to experience regret.

What actually changes after a partial sale

The reality of post-deal life is usually less dramatic than founders expect. You still run the business. You still make operational decisions. You still speak to your customers and manage your team.

What changes is the weight on your shoulders. You have taken cash off the table, reduced your personal financial risk and brought in someone who shares the strategic burden. Many founders describe the feeling as lighter, not diminished.

Common patterns we see

- Founders who have been thinking about it for 12 to 18 months but have not spoken to anyone externally
- Owners who feel guilty about wanting to take money out, even though the business is thriving
- Founders worried about what their team will think if they find out
- Owners who assume a sale means retirement, when in fact a managed runway lets them stay for years
- Founders who underestimate their own leverage and assume any buyer will dictate terms

Founder questions, answered

Is it normal to feel conflicted about selling part of my business?

Yes. Almost every founder we advise experiences some degree of internal conflict. Feeling uncertain does not mean selling is wrong. It means you are taking the decision seriously, which is exactly the right approach.

How do I know when the timing is right to sell a stake?

There is no perfect moment. Most founders who wait for ideal conditions end up waiting too long. The right time is when you have a strong business, a credible reason to bring in a partner, and enough runway to complete a proper process.

Should I tell my management team I am considering a sale?

Not immediately. Confidentiality is essential in the early stages. You should only involve your team when there is a clear reason to do so and a plan for how the conversation will go.

Can I change my mind during the process?

Yes, at any point before contracts are exchanged. A well-structured sell-side process gives you control over the timeline and the ability to pause or withdraw if your circumstances change.

Arrange a confidential discussion with Tony Vaughan, founder.

Tel: 0330 133 2020 ■ Email: nextstep@mergers.co.uk ■ mergers.co.uk/contact

Mergers.co.uk is a trading style of VEXUS Corporate Limited. 78 Pall Mall, London SW1Y 5ES.

Arrange a confidential discussion with Tony Vaughan, founder.

Tel: 0330 133 2020 ■ Email: nextstep@mergers.co.uk ■ mergers.co.uk/contact

Mergers.co.uk is a trading style of VEXUS Corporate Limited. 78 Pall Mall, London SW1Y 5ES.

Full Sale vs Partial Sale: UK Exit Options Compared

This is a decision about personal objectives as much as deal mechanics. Compare what each route means for cash, control, risk and the life you want after the transaction.

Tony Vaughan | Mergers.co.uk

Sell-side advisory for UK business owners

April 2026

THE FOUNDERS' GUIDE

Full Sale vs Partial Sale: UK Exit Options Compared

This is a decision about personal objectives as much as deal mechanics. Compare what each route means for cash, control, risk and the life you want after the transaction.

IN PLAIN ENGLISH

A full sale gives you certainty and a clean break today. A partial sale gives you cash now, a continuing role and the chance of a bigger total return on a second exit. The right answer is less about deal mechanics and more about the life you want immediately after the transaction completes.

Start with the outcome you want

Founders often compare a full sale and a partial sale as if they are simply two deal structures. In reality, they solve different problems. A full sale is designed for finality. A partial sale is designed for continuity with de-risking. One gives certainty and closure. The other gives cash now, involvement later and the possibility of a larger total return.

The right answer depends less on abstract valuation theory and more on your personal position. Are you ready to leave? Do you still enjoy the business? Do you need to release capital without closing the door on future upside? Is succession unresolved?

Side by side comparison

Dimension	Full sale	Partial sale
Cash on completion	100% of agreed value	Portion now, remainder on second exit
Ongoing involvement	Usually limited to handover	Founder stays involved, often leading
Control	Transferred entirely	Shared governance or founder-led
Risk profile	Clean break, no future exposure	Retained equity carries future risk and reward
Valuation upside	Locked in at completion	Second exit can deliver higher total value

Dimension	Full sale	Partial sale
Suitable for	Retirement, clean break, urgent liquidity	Growth, de-risking, succession planning
Buyer type	Trade buyer, PE, or MBO team	Strategic partner, trade buyer, or PE
Timeline to full exit	Immediate	Typically 3 to 7 years for second exit

When a full sale is usually the better answer

- You are ready to leave the business and do not want a continuing role
- Immediate certainty matters more than future upside
- There is no appetite for retained equity or shared governance
- The business is already at or near peak value and you want to lock that in
- Your personal objectives point clearly to retirement, a new venture or a clean break

When a partial sale is often the smarter route

- You want to take meaningful cash off the table but are not ready to leave
- The business has genuine growth headroom and you want to participate in it
- A strategic or financial partner could accelerate value creation
- You want a managed runway to succession rather than a day-one exit
- You believe the total value of two transactions could exceed one full disposal now
- You want flexibility over timing rather than a single irreversible decision

The total value question

A full sale does not automatically maximise value. It simply crystallises value today. In many partial deals, especially where the founder stays involved and the incoming partner adds capability, the retained equity becomes exceptionally valuable if the business grows strongly and the second exit is timed well.

That does not make a partial sale universally superior. It introduces retained risk, governance complexity and dependence on the quality of the partner. The sensible way to think about this is total package value over time: cash now, retained equity, governance terms, and the realism of the second exit.

Typical founder scenarios

- Founder needs succession, not a cliff-edge handover: a partial route gives the time and structure needed to build management depth before a final departure.

Founder questions, answered

Will I lose control in a partial sale?

It depends on the stake you sell. Selling a minority stake means you keep majority control. Even in a majority sale, founders often negotiate board seats, veto rights and operational leadership as part of the deal.

How much more can a two-stage exit deliver?

There is no fixed answer. In many PE-backed deals, the second exit delivers as much or more than the first. The total return depends on the growth achieved, market conditions and the quality of the incoming partner.

What are the tax implications of each route?

Both full and partial sales may qualify for Business Asset Disposal Relief, but the structure of the deal affects your tax position. You should take specialist tax advice before committing to either route.

How long does a partial sale take compared with a full sale?

Timelines are broadly similar, typically four to nine months from mandate to completion. Partial sales can sometimes take longer where retained equity terms and governance need detailed negotiation.

.

Arrange a confidential discussion with Tony Vaughan, founder.

Tel: 0330 133 2020 ■ Email: nextstep@mergers.co.uk ■ mergers.co.uk/contact

Mergers.co.uk is a trading style of VEXUS Corporate Limited. 78 Pall Mall, London SW1Y 5ES.

Why a Partial Sale Often Beats a Full Sale

For UK SME founders, a partial sale can beat a full sale by releasing value now, adding capability, and creating a runway to a stronger exit later. Includes trade sale vs private equity comparisons.

Tony Vaughan | Mergers.co.uk

Sell-side advisory for UK business owners

April 2026

THE FOUNDERS' GUIDE

Why a Partial Sale Often Beats a Full Sale

For UK SME founders, a partial sale can beat a full sale by releasing value now, adding capability, and creating a runway to a stronger exit later. Includes trade sale vs private equity comparisons.

KEY TAKEAWAYS

A partial sale lets you release capital today, keep a meaningful stake, and bring in a partner who adds genuine capability. When the second exit is factored in, the staged route frequently delivers more total value than a single full sale today.

What a partial sale actually is

A partial business sale is a transaction in which a founder sells a minority or majority stake to an external buyer, whether a trade acquirer, private equity fund or strategic partner, while retaining equity and continuing in a leadership role. It allows the founder to convert some personal wealth into cash, bring in a capable partner and participate in the future growth of the business rather than walking away entirely.

The staged exit logic

Most founders frame the question as 'sell or don't sell'. The more useful frame is 'how much, to whom, on what terms, and over what timeline'. A staged exit treats the disposal as two events: a partial sale today that releases capital and brings in capability, and a second exit two to five years later when the business is bigger, more independent and more valuable to the next owner.

In many PE-backed transactions, the founder's return on rollover equity exceeds the cash received at the first sale. The structure creates the conditions for a higher-value outcome, but it does not guarantee one. The discipline is to treat both the first and second transactions as a single, planned outcome.

Trade sale vs private equity

Dimension	Trade buyer	Private equity
Why they buy	Synergy: customers, capability, reach	Returns to investors via growth and exit
Time horizon	Often longer term	Typically 3 to 5 years to exit
What they bring	Sector expertise, customers, supply chain	Capital, governance, M&A; discipline
Founder role	Often MD or executive chair	Usually MD with formal KPIs

Dimension	Trade buyer	Private equity
Second exit	Trade resale or strategic acquisition	Sale to larger PE or strategic buyer

Valuation reality

UK SME valuations typically fall between four and eight times adjusted EBITDA. The exact multiple depends on the size of the business, sector dynamics, growth trajectory, profitability, quality of earnings and risk profile. Businesses with recurring revenue, low customer concentration, strong management teams and defensible market positions attract higher multiples.

In a partial sale, the retained founder reduces the buyer's risk, which often supports a higher multiple. Combined with the second-exit upside, this is why a staged structure can deliver more total value than a full disposal today.

Common myths

- Selling a stake means giving up control. In reality, control is structured in the shareholders' agreement and a well-advised founder retains significant influence.
- You have to sell everything to get a fair price. There is no systematic evidence full sales achieve higher multiples; the staged route often delivers more in total.
- Private equity always cuts jobs. In UK SME deals, PE typically invests in management, technology and acquisition.
- Partial sales are only for large businesses. Businesses with EBITDA from £500k regularly attract partial-sale interest.
- Nobody buys a minority stake. Trade buyers, family offices and growth funds regularly do, with the right governance and exit pathway.

Confidentiality and process

A sell-side adviser identifies and approaches buyers using a confidential process. It begins with a blind profile that describes the opportunity without naming the business. Buyers sign NDAs before receiving detailed information. Meetings happen off-site. Information is shared through a controlled data room. Staff, customers and suppliers are not informed until the founder is ready.

When it is the wrong choice

- You want to leave completely
- The business has no realistic growth headroom
- You are unwilling to share decision-making
- The business faces structural decline that no partner can reverse
- You would resent accountability or reporting to a board

the future growth of the business and is realised at a second exit, often at a significantly higher valuation than the first transaction.

Can I keep full control if I sell a minority stake?

In most cases, yes. Selling up to 49% allows you to retain majority voting rights and full operational control. The minority investor typically receives board observer rights, information rights and certain protective provisions, but day-to-day running remains your responsibility.

What protections should I negotiate if I keep a minority stake?

Anti-dilution rights, tag-along rights, pre-emption rights on share transfers, board representation, information and reporting rights, and drag-along provisions. These are documented in the shareholders' agreement.

How long does a partial sale take?

A typical partial sale takes between four and nine months from initial engagement with an adviser to legal completion.

.

Get in touch

Every enquiry is reviewed directly by our founder, Tony Vaughan, and handled on a strictly confidential basis. We never act for buyers.

Confidential discussion

Telephone: 0330 133 2020
Email: nextstep@mergers.co.uk
Web: https://www.mergers.co.uk/contact

Calls returned the same working day. No paperwork, no commitment.

Registered office and trading style

Mergers.co.uk is a trading style of VEXUS Corporate Limited.
78 Pall Mall, London SW1Y 5ES, United Kingdom.