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SELL-SIDE ADVISORY ONLY

FOUNDER GUIDE

Selling a Majority Stake and Staying Involved

How founders sell control yet remain a meaningful shareholder and operator

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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.

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Sell-side advisory for UK business owners

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THE FOUNDERS' GUIDE

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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

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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.

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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

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