

OWNERSHIP TRANSITION

Exit and Liquidity Options for Family Enterprises

Not every buyer wants the same thing from your company, and the differences matter more than the headline multiple. Some acquirers need an exit inside a fund deadline. Others will hold for a generation. The right counterparty depends on what you are optimizing for: proceeds at close, continuity for the people who built the business, or something between the two.

Five Paths to Liquidity

Each buyer type brings a different structure, a different hold period, and a different answer on what happens to your management team.

BUYER TYPE	WHAT IT IS	WHAT YOU GAIN	WHAT YOU GIVE UP
Patient Capital EVERGREEN FUNDS	Long-term capital with no fixed exit timeline. Returns come through profit distributions rather than a forced sale.	No mandatory exit date. Investors share multi-generational thinking. Flexible minority or majority structures.	A small universe of funds. Board seats expected. Valuations run conservative without an auction.
Family Office SINGLE-FAMILY CAPITAL	Wealth from one ultra-high-net-worth family deployed directly. No limited partners, no fund lifecycle, decisions made by principals.	Indefinite holds and flexible structures. Relationship-driven, with willingness to retain management and identity.	Check sizes may not cover full liquidity needs. Diligence depth varies. Limited post-close support, slower closings.
Private Equity INSTITUTIONAL FUNDS	Institutional capital from pension funds and endowments, exited within the fund's life. Buyouts, build-ups, roll-ups.	Highest probability of maximum valuation through competitive auction. Operational resources, add-on capability, debt access.	A defined exit inside five to seven years. EBITDA is the lever, management is often restructured, leverage constrains investment.
Strategic Buyer OPERATING COMPANY	A competitor, supplier, or adjacent player acquiring for fit. Usually a full acquisition, absorbed as a tuck-in.	Potential for the highest total value, since synergies only this buyer can unlock drive the price. Faster diligence.	Identity and legacy rarely survive integration. Consolidation is standard and redundancy risk runs through every level.
MBO, ESOP or Trust INTERNAL TRANSFER	Ownership moves to management, to employees through a qualified plan, or into a trust held across generations.	The strongest continuity tool available. S-Corp ESOPs pay no federal income tax on ESOP-owned earnings.	Phased liquidity with the seller financing part of the deal. ESOP appraisals aim at fair, not maximized. ERISA burden is real.

At a Glance

Ranked against the three questions owners weigh hardest. No option leads on all three, and that tension is the actual decision.

PRIORITY	PATIENT CAPITAL	FAMILY OFFICE	PRIVATE EQUITY	STRATEGIC BUYER	MBO / ESOP / TRUST
VALUATION POTENTIAL	Moderate	Moderate	High	Highest	Below market
LIQUIDITY AT CLOSE	Partial	Partial	Full	Full	Phased
CONTINUITY & LEGACY	Strong	Strong	Limited	Rare	Strongest

What to Do Before You Are Ready to Sell

Optionality is built years ahead of a transaction. Owners who prepare early choose among buyers rather than accepting the one who appears.

01 Build a Confidential Information Memorandum as a living document, updated at least annually	02 Monitor trends and activity among potential acquirers, both financial and strategic	03 Maintain accurate records and current working manuals for the company
04 Create operational and financial data visibility and transparency	05 Professionalize the leadership team, governance, and systems	06 Build to sell, whether or not selling is the plan

Choose the buyer, do not be chosen by one.

The owners who get the outcome they want are the ones who knew which of these five paths they were on well before the first conversation. Pinset Advisors helps owner-operated and family businesses define the objective, prepare the company, and run the process.

START THE CONVERSATION
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