



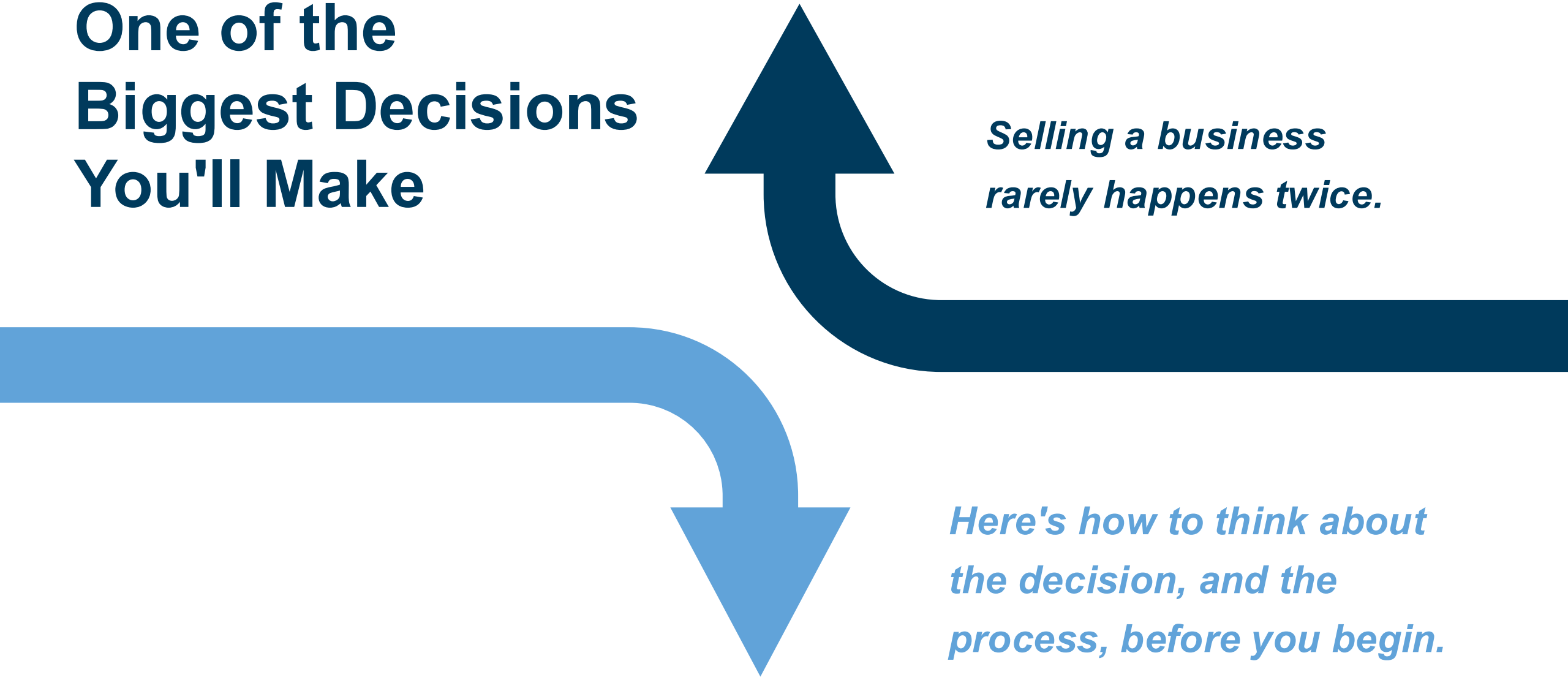
Preparing for a Successful Transaction

A Guide for Private Business Owners

Transaction Advisory Services

www.mercercapital.com

One of the Biggest Decisions You'll Make



*Selling a business
rarely happens twice.*

*Here's how to think about
the decision, and the
process, before you begin.*

Why Owners Choose to Sell

1

Life Stage & Succession

Retirement, a health change, or simply a new chapter. Without a clear internal successor, a sale is often the most orderly path forward.

2

Access to Liquidity

The business is often an owner's largest asset. A sale converts a concentrated, illiquid position into diversified, flexible wealth.

3

Growth Capital & Partnership

Reaching the next level of scale may require capital, relationships, or capabilities a strategic or PE partner can provide.

4

Market & Competitive Timing

Industry consolidation or a uniquely favorable market can make this the right moment to engage buyers.

Also common: Partnership or Ownership Transitions. When co-owners diverge on reinvestment, risk, or time horizon, a transaction can resolve the misalignment, letting every shareholder achieve their own objective at once.

Defining Your Goals First

Valuation is the headline consideration, but rarely the only one that matters. Most owners hold a combination of these priorities and ranking them early shapes every decision that follows.

● MAXIMUM LIQUIDITY



Selling 100% of the business for a full, clean exit. Straightforward, but no continued upside participation.

● PARTIAL LIQUIDITY



Retaining an equity stake while monetizing a portion of ownership, a second liquidity event awaits at the buyer's future exit.

● LEGACY & CULTURE



Ensuring the brand, employees, and values continue in a manner consistent with the owner's vision.

● CONTINUED INVOLVEMENT



Remaining engaged post-closing in an operational, advisory, or board capacity, negotiated as part of the deal.

● GROWTH CAPITAL



Accessing capital to fund acquisitions, expand geographically, or invest in technology and talent.

● EMPLOYEE OUTCOMES



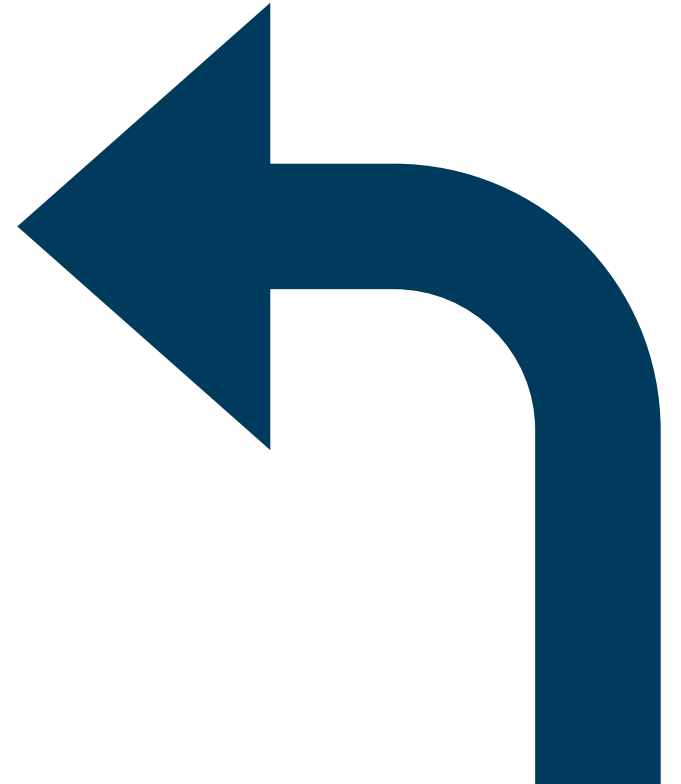
Providing liquidity and equity opportunities for key employees through rollover or incentive programs.



Structure Determines the Outcome

*Every transaction
follows a different shape.*

*Understanding the options is the
first step to choosing the right one.*



Four Paths to a Transaction

Strategic Sale

Full exit to an industry buyer

Synergy-driven premiums from cross-selling, cost cuts, or new markets. Integration and cultural fit matter most.

Private Equity

Partial or full sale to a financial sponsor

Equity rollover available, two liquidity events. Capital and operational support fuel continued growth.

Recapitalization

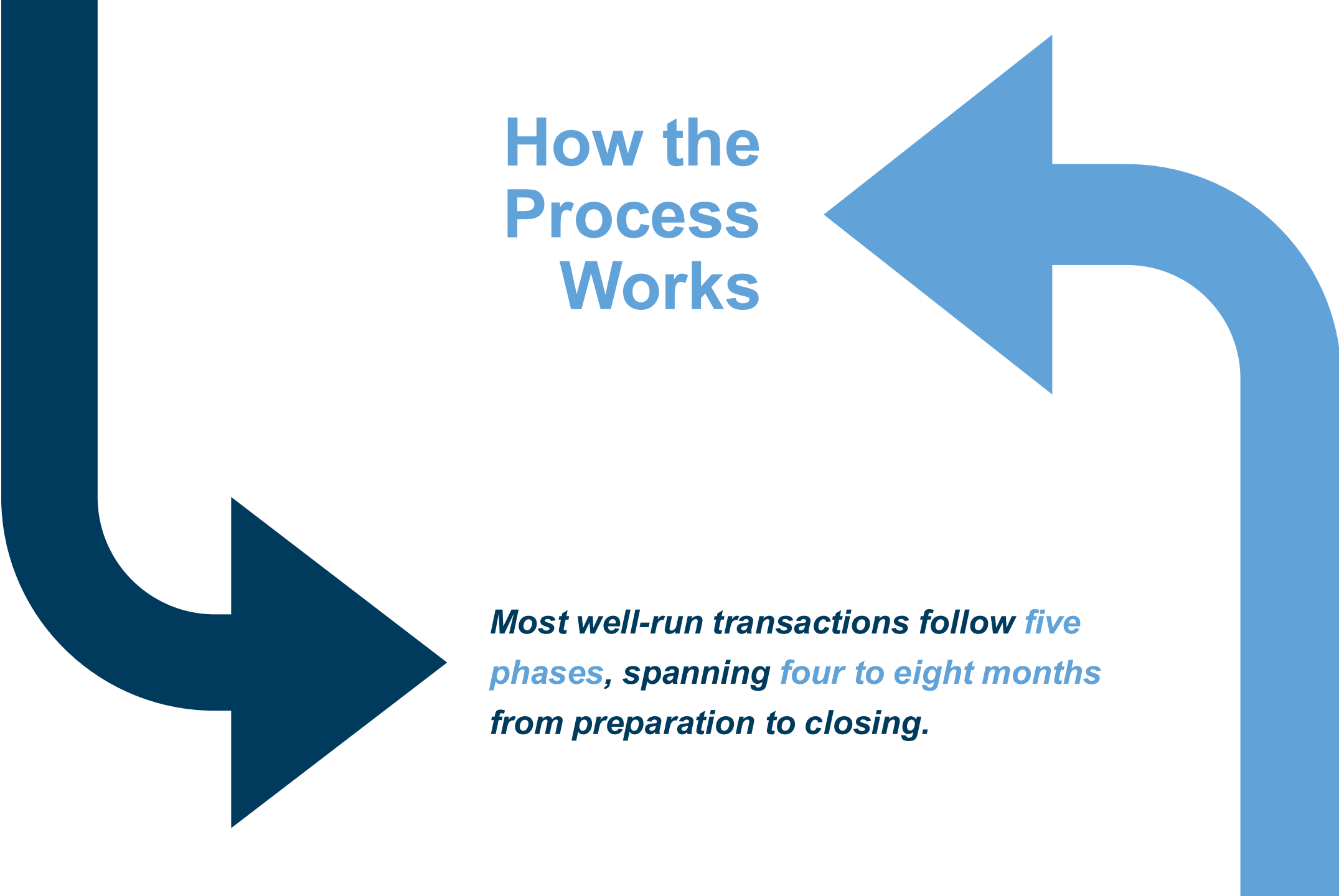
Partial liquidity, continued ownership

Monetize a portion of equity while retaining control and leadership. Best for owners who believe in the long-term trajectory.

Management Buyout

Existing leadership acquires ownership

Strong on continuity and legacy, financed by a sponsor or lender. May not maximize price vs. a competitive process.



How the Process Works

*Most well-run transactions follow **five phases**, spanning **four to eight months** from preparation to closing.*

The Five-Phase Transaction Process

Most well-run transactions span four to eight months from preparation to closing, depending on complexity and market conditions.



Preparation & Go-to-Market

1 Preparation

Time invested here translates directly into stronger buyer interest and a more efficient process.

Key Activities

Organize financials & identify value drivers; build the CIM and marketing materials; establish the buyer universe; prep management for buyer conversations.

Your Involvement

Provide financial and strategic information; participate in narrative development; review materials for accuracy.

What It Means for You

Preparation is one of the few variables fully within your control, transparency now avoids costly surprises later.

2 Go-to-Market

We engage prospective buyers confidentially, generating broad, competitive interest while protecting your identity.

Key Activities

Distribute an anonymized teaser; execute NDAs; share the CIM with qualified buyers; hold initial management conversations.

Your Involvement

Limited initially — activity is primarily advisor-driven; involvement increases as buyers advance to calls.

What It Means for You

Momentum is critical, even when activity is less visible to you. Consistency in messaging matters increasingly.

Evaluation, Negotiation & Closing

3 Buyer Evaluation

Key Activities

Receive and compare indications of interest across value, structure, and fit.

Your Role

Evaluate offers against your priorities; direct which buyers advance.

Takeaway

The highest offer isn't always the best outcome, maintaining options protects your leverage.

4 Negotiation & Exclusivity

Key Activities

In-depth management presentations; refined proposals; negotiate the letter of intent (LOI).

Your Role

Active participation in meetings; articulate strategy, culture, and opportunity.

Takeaway

Cultural fit and trust begin to matter as much as economics at this stage.

5 Diligence & Closing

Key Activities

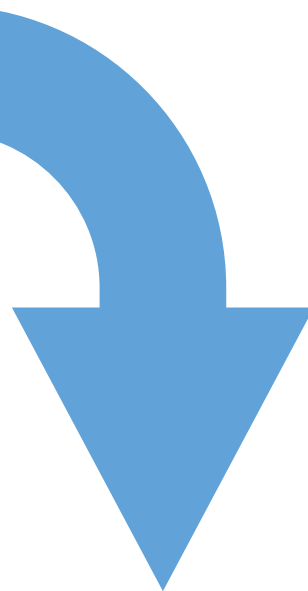
Detailed financial, legal, and operational review via a virtual data room; negotiate definitive agreements.

Your Role

Significant time commitment responding to requests; coordinate with legal and accounting teams.

Takeaway

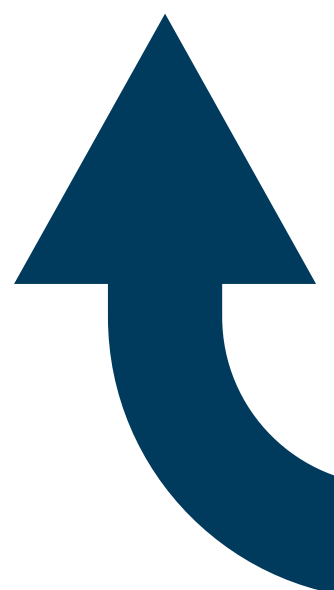
The most demanding phase, and also the final step toward closing.



Structure Matters as Much as Price

Two offers at the same headline valuation can produce materially different outcomes depending on terms, structure, and post-closing arrangement.

We help you evaluate every proposal holistically, the full picture of value, certainty, and fit.



Common Pitfalls to Avoid



Delays in Information Delivery

Slow or disorganized responses signal risk to buyers. Prioritizing requests protects credibility and momentum.



Inconsistent Messaging

Buyers talk to multiple team members, inconsistencies create doubt. Alignment before buyer interactions isn't optional.



Unexpected Diligence Findings

Issues that surface for the first time in diligence are far more damaging than those disclosed upfront. Buyers price uncertainty.



Fatigue & Distraction

A decline in performance during the process is one of the most common causes of valuation erosion or deal failure.



Misaligned Expectations

Shareholder disagreement on valuation or structure can derail a process at the worst possible time. Alignment is non-negotiable.

The Team Around You

M&A Advisor

Structures and manages the sale process end-to-end; coordinates buyer outreach, manages information flow, provides negotiation strategy, and serves as your primary advocate throughout.

Legal Counsel

Drafts and negotiates the letter of intent, definitive purchase agreement, and ancillary transaction documents. Works closely with the M&A advisor and buyer's counsel to resolve open issues.

Accounting / CPA

Prepares or reviews financial statements, assists with quality of earnings analysis, addresses tax structuring considerations, and provides support during financial diligence.

Wealth Advisor

Advises on the personal financial implications of the transaction, including investment of proceeds, estate planning, and tax efficiency strategies post-closing.

Management Team

Participates in management presentations and diligence as appropriate. Continuity and credibility of the leadership team is often a significant factor in buyer confidence and valuation.



OUR ROLE: Your advisor and advocate from the first conversation to the closing table, structuring the process, negotiating terms, and maintaining momentum with your goals in mind.

Our Transaction Advisory Services

Mercer Capital provides transaction advisory services to a broad range of public and private companies and financial institutions. Mercer Capital has successfully executed mergers & acquisitions and other services for a broad array of middle-market companies since the mid-1980s.

Mercer Capital Provides a Comprehensive Suite of Valuation and Transaction Advisory Services:

- Sell-Side Advisory Services
- Buy-Side Advisory Services
- Fairness & Solvency Opinions
- Quality of Earnings Analysis
- Corporate Recapitalization
- Shareholder Recapitalization
- ESOP Advisory
- Bankruptcy & Restructuring Analysis

Mercer Capital leverages its historical valuation and investment banking experience to help clients navigate critical transactions, providing timely, accurate, and reliable results. We have significant experience advising shareholders, boards of directors, management, and other fiduciaries of middle-market public and private companies in a wide range of industries.

Rather than pushing solely for the execution of any transaction, Mercer Capital positions itself as an advisor, encouraging fully informed decision-making by its clients. Our independent advice withstands scrutiny from shareholders, bondholders, the SEC, IRS, and other interested parties to a transaction.

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