# The Sell-Side Advantage

## Why Working With an M&A Advisor Is the Best Decision You'll Make Before Selling Your Business

*A note for business owners considering a sale in the lower middle market*

If you're a business owner thinking about selling — whether that's six months from now or a few years out — you've probably wondered whether you really need an M&A advisor, or whether you could just handle it yourself, or lean on your accountant and attorney when an offer comes in.

I get this question constantly, and I want to answer it honestly, with data, not just a sales pitch.

### The Market Right Now

Lower middle market M&A (generally $5M–$250M in enterprise value) is in an interesting spot heading into the second half of 2026. Deal volume is more selective than the 2021 peak, but the fundamentals are unusually favorable for well-prepared sellers:

- **Private equity is sitting on roughly $2.2–2.5 trillion in global dry powder**, with an estimated $1 trillion of that in U.S.-based funds alone, much of it aging past the point where general partners need to deploy it before investment windows close (EdgePoint Capital, S&P Global).
- **Valuations are holding steady and bifurcating by quality.** GF Data reports lower middle market deals averaging 7.2x–7.3x trailing EBITDA in early 2026, up from 6.9x in Q4 2025, with businesses in the $10M+ EBITDA range commanding closer to 8.1x and premium assets pulling meaningfully ahead of the pack (Cornerstone Business Services, Madison Street Capital).
- **Buyer competition is real when a deal is run properly.** The IBBA/M&A Source Market Pulse survey found 83% of deals over $5 million attracted at least three offers in Q1 2026, and 18% attracted 10 or more bids (IBBA/M&A Source via Yahoo Finance).
- **Deal structures are getting more creative** — earnouts, seller financing, and rollover equity are now standard tools to bridge valuation gaps, especially in SaaS, MSP, and industrial services where recurring revenue and margin quality drive the biggest premiums (CLA, Lippes Mathias).

Translation: there is real capital chasing lower middle market businesses right now, but the buyers writing checks are disciplined, sophisticated, and very good at what they do. That last point is exactly why the process you run matters as much as the business you've built.

## What Actually Happens When You Sell a Business

Most owners have sold a house. Very few have sold a company. It's not the same transaction, and the differences are exactly where deals get won or lost. A properly run sell-side process generally moves through six phases:

1. **Preparation and valuation.** Before anything goes to market, we build a defensible valuation using multiple methodologies — comparable transaction multiples, discounted cash flow, and strategic value to specific buyer types — and we clean up the financial story so it survives scrutiny.
2. **Marketing materials.** A blind teaser goes out first to protect your identity, followed by a full Confidential Information Memorandum (CIM) once a buyer signs an NDA. This is where your growth story, customer concentration, recurring revenue, and margin profile get framed the way sophisticated buyers actually evaluate them.
3. **Buyer identification and outreach.** This is not a mass email blast. It's a curated list of strategic acquirers, private equity platforms, and independent sponsors who are the right fit — filtered by sector focus, deal size, fund life stage, and acquisition appetite — followed by disciplined, confidential outreach.
4. **Managing competing interest.** When multiple qualified buyers are engaged simultaneously, you create real negotiating leverage. This is the single biggest lever on final price and terms, and it's almost impossible to replicate on your own.
5. **Due diligence and negotiation.** Buyers — especially PE-backed ones — run rigorous, document-heavy diligence. An advisor manages the data room, anticipates the tough questions, and negotiates deal terms (earnouts, reps and warranties, working capital adjustments, escrow) without the emotional weight that comes from negotiating the sale of something you built yourself.
6. **Closing.** From Letter of Intent through the definitive purchase agreement, there are dozens of ways a deal can fall apart in the final stretch. An advisor keeps the process moving and keeps everyone at the table.

A typical process runs 6–12 months from engagement to close when it's professionally managed — versus 12–24 months, or simply never closing, when an owner tries to run it alone (Fundenza).

## Why the Data Says Advisors Pay for Themselves

This isn't just intuition. The most rigorous academic study on the subject — *Does Hiring M&A Advisers Matter for Private Sellers?* (Agrawal, Cooper, Lian, Wang), published in the *Quarterly Journal of Finance* and covering 4,468 private-company transactions — found that using a sell-side advisor causes measurably better outcomes, not just correlates with them (Axial):

| Scenario | Typical Multiple | Uplift vs. Self-Represented |
|---|---|---|
| Self-represented | ~6x EBITDA | Baseline |
| With an advisor | 7.5x–8x EBITDA | +25% to +37% |
| With a top-tier advisor | — | +35% to +40% |

Industry practitioners consistently cite the same range in the field: professionally managed processes achieve **20–40% higher sale prices** than comparable direct sales, and additional proceeds of **6–25%** are commonly documented even in more conservative estimates (Adams Strategy). On a $10M enterprise value deal, that's not a rounding error — it's often $1–3M left on the table by owners who go it alone.

The reasons show up in the same places every time:

- **Undervaluation.** Without a structured valuation and a competitive process, owners routinely anchor to book value or a single unsolicited offer instead of true market value.
- **Limited buyer reach.** Your personal network is not the market. Advisors maintain live relationships with hundreds of private equity funds, family offices, and strategic acquirers actively deploying capital into your sector right now.
- **Confidentiality risk.** Trying to sell quietly on your own almost always leaks — to employees, competitors, or customers — at exactly the wrong moment.
- **Lost negotiating leverage.** The moment you name a price directly to a buyer, you've told them your floor. A structured process creates competitive tension instead.
- **PE buyers are professionals at this — you are not.** Private equity firms and strategic acquirers do dozens of deals a year. For most owners, this is the only deal of their life. That imbalance alone justifies representation, especially against a sophisticated, well-capitalized buyer (Rose Business Advisors).

## Why This Matters Especially in SaaS, MSP, and Industrial Services

These are the sectors where I spend most of my time, and they're also where the gap between "well-prepared seller" and "unprepared seller" shows up most dramatically in the final price:

- **SaaS and tech-enabled businesses** are being valued on ARR quality, net revenue retention, and churn — metrics most owners have never had to formally present to a sophisticated buyer, and metrics that can swing a multiple by a full turn of EBITDA or more depending on how the story is told.
- **MSPs and IT services companies** are attracting strong strategic and PE-platform interest as buyers consolidate fragmented, technician-driven service niches — but recurring revenue mix and customer concentration need to be framed correctly to capture premium pricing.
- **Industrial and manufacturing businesses** represented the leading share of completed lower middle market transactions in Q1 2026, with buyers rewarding domestic manufacturing, reshoring exposure, and margin strength with real pricing premiums (Summit Capital Advisors).

In every one of these sectors, the difference between an average outcome and an exceptional one usually comes down to preparation, positioning, and the strength of the buyer process — not the underlying quality of the business alone.

## The Bottom Line

You've spent years, in many cases decades, building something valuable. When it comes time to sell, the process you run will determine whether you capture the full value of that work or leave a meaningful amount of it on the table. The data is consistent across academic research and industry practice: sell-side representation isn't a cost center, it's the single highest-leverage investment you'll make in the transaction.

If you're thinking about a sale in the next 12–24 months, now is a good time to start the conversation — not after an unsolicited offer lands on your desk. I'm happy to have a confidential, no-obligation discussion about where your business stands today and what a well-run process could look like for you.

*Mark*
*M&A Advisor — Lower Middle Market | SaaS, MSP & Industrial Services*
*Merger Solution*

**Sources**

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