THE ADVISOR NETWORK ADVANTAGE: BUILDING THE RIGHT ECOSYSTEM AROUND EVERY DEAL

HOW LEGAL, ACCOUNTING, DILIGENCE, LENDING, AND OPERATING PARTNERS EXTEND WHAT A SINGLE SPONSOR CAN DO ALONE

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EXECUTIVE SUMMARY

An Independent Sponsor closes a deal with a team of one or two, then has to operate like an institution. The gap between those two realities is filled by the advisor network around the deal, not by the sponsor alone. Citrin Cooperman's 2025 Independent Sponsor Report, drawn from 172 sponsor and capital provider respondents, found that the model has matured into a competitive force, with independent sponsors no longer fringe players but leading the charge in private equity. That maturity shows up directly in how deals get sourced and funded. The same research found that regional or national investment banks went from being cited by only 26% of respondents the prior year to 51% this year as a deal source, a shift the report's authors attribute partly to sponsors leveraging investment banking relationships carried over from prior institutional private equity experience.

The same dependency runs through capital raising. Citrin Cooperman's data shows that 59% of capital partner re-engagements in 2025 were repeat relationships, and separate analysis of that same survey notes that warm referrals from an M&A attorney who sees 20 to 40 Independent Sponsor deals a year, or an accountant who works on quality of earnings reports, are often faster paths to new capital partners than cold outreach. For Independent Sponsors, the advisor network is not a support function around the deal. It is increasingly part of the deal machine itself.

LEGAL AND ACCOUNTING PARTNERS DO MORE THAN PROCESS PAPER

Counsel experienced specifically in Independent Sponsor transactions has become a recurring theme across the legal market serving this segment. Levenfeld Pearlstein's 2026 commentary on the capital raising environment stresses the importance of using counsel and other advisors who have experience with the specific characteristics of Independent Sponsor deals, noting that its own team covers every aspect of the Independent Sponsor lifecycle, from LOI to structuring, acquisition, financing, governance, tax planning, and exit. The same firm's Q2 2026 market update is more direct still, advising sponsors to get good legal and financial advice early, since structural mistakes can be expensive to fix later, and to work with law firms, accounting firms, and other service providers that understand and regularly work with Independent Sponsors.

Accounting firms play a parallel role on the diligence and structuring side. CohnReznick describes its work with sponsors as covering industry-specific transaction expertise, comprehensive due diligence, and post-close support, alongside helping sponsors find the right investment partners to form trustworthy and long-term working relationships. For a sponsor managing diligence on a $20 million to $50 million deal without an in-house team, the accounting partner is often doing work that a traditional PE fund would staff internally.

DEAL ECONOMICS ARE BUILT TO SHARE RISK WITH THE NETWORK

The advisor relationship is not purely transactional. Boyne Capital's analysis of Independent Sponsor financing notes that some accountancies and law firms offer success and failure fee schedules tied to the stages of due diligence and acquisition, structures designed to align the service provider with the progression of the transaction and maintain momentum toward a close, though it adds that these arrangements are uncommon and typically develop over time as service providers work with sponsors across successive deals. That detail matters. The advisor network compounds in value with repetition, not on a single deal.

Capital partners reinforce the same pattern from their side. Citrin Cooperman's data shows that 32% of Independent Sponsors cover broken-deal costs themselves, a real cost of doing business without a fund behind them. Sponsors with a tested bench of legal and accounting partners are better positioned to negotiate fee structures that share that risk, rather than absorbing it deal by deal.

SBIC AND LENDING PARTNERS HAVE BECOME A CORE PART OF THE STACK

The lending side of the ecosystem has grown more specialized and more central to closing. Citrin Cooperman's 2025 survey found that SBIC use in Independent Sponsor deals grew from 34% to 53% over three years, and that SBICs alone led 18% of Independent Sponsor deals in 2025 while funding 53% of all such deals in some capacity. That growth has been driven by active fund formation in the space, including Tecum Capital's $325 million SBIC close in July 2025, Cyprium Partners' $190 million SBIC I close in February 2025, and Argosy's $175 million SBIC vintage, named the SBA's SBIC of the Year.

For Independent Sponsors, a lending partner that understands SBIC mechanics, leverage limits, and debenture covenant compliance is no longer a nice-to-have. It is increasingly the difference between a capital stack that closes on time and one that stalls during exclusivity.

OPERATING PARTNERS ARE THE DIFFERENTIATOR THAT IS HARDEST TO BUY ON THE FLY

Unlike legal, accounting, or lending relationships, operating expertise is harder to assemble after an LOI is signed. Manufacturing-focused capital partner analysis of the Independent Sponsor market notes that for sponsors who are former industry executives, operating credibility is worth more to capital partners than a percentage point or two of equity concession, and that capital partners increasingly value firms where the sponsor brings direct operational experience to the table rather than only financial structuring skill.

Levenfeld Pearlstein's market commentary makes the same point from the value-creation side, advising sponsors to focus on value creation from the beginning, since the closing of the transaction is just the starting point, and to work with management on developing the plan so they have a sense of ownership and buy in. An advisor network that stops at legal and accounting leaves a real gap. The sponsors building durable platforms are pairing transaction advisors with operating partners who can sit on the board or work directly with management post-close.

WHAT ACTUALLY MATTERS NOW

01

Treat legal and accounting partners as repeat relationships, not one-off vendors. Fee structures and deal efficiency both improve with deals two, three, and four.

02

Build SBIC and specialty lending relationships before a deal is under LOI. The exclusivity clock does not leave room to vet a new capital source mid-process.

03

Negotiate shared risk into advisor engagements where possible. Success-based fee structures exist, but they are built over time, not requested cold on a first deal.

04

Bring operating expertise into the ecosystem early, not after close. A credible operating partner shapes the value-creation plan and gives management a stake in it from day one.

Citrin Cooperman, 2025 Independent Sponsor Report, published September 2025.
Citrin Cooperman, Uncharted No More: Deal Sources in the Independent Sponsor Sector, published March 12, 2026.
Levenfeld Pearlstein, What to Know About Independent Sponsor Capital Raising for 2026, published May 6, 2026.
Levenfeld Pearlstein, Independent Sponsor Update: Key Takeaways from Q2, published August 20, 2025.
CohnReznick, Private Equity Independent Sponsors: Capital Raising and Sourcing, accessed 2026.
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