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AN OWNER'S FIELD GUIDE

Selling Your *Family Business* in South Carolina

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The plain-English guide to what actually happens when you sell — what your deal is worth, who you need in your corner, and the mistakes that cost owners the most.

BUXTON & COLLIE
ATTORNEYS AT LAW
FOR ALL OF LIFE'S TRANSACTIONS.

Written for the owners of South Carolina's family-built companies.

Buxton & Collie, LLC | Mount Pleasant, South Carolina

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Why this guide exists

For most owners, selling the business is the single largest financial event of their lives — and a once-in-a-lifetime one. You have spent years, often decades, building something real. Yet the process of selling it is unfamiliar territory, and the people on the other side of the table do this for a living.

That asymmetry is where good deals quietly go sideways.

This guide will not turn you into a lawyer or an investment banker. It does something more useful: it tells you, in plain language, how a sale actually unfolds, what each number and term really means for the money you walk away with, and where owners most often leave value on the table. Read it before you need it.

> **A QUICK, HONEST NOTE**
>
> Every business and every family is different, and nothing here is legal or tax advice for your specific situation. Think of this as a map of the territory — so that when you sit down with your advisors, you already know the language and the questions worth asking.

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CHAPTER ONE

What your business is actually worth

Ask three people what your company is worth and you may get three answers. That is because "value" is not one number — it depends on who is buying, how they pay, and what they believe about the future. But the starting point is almost always the same equation.

> **THE NUMBER MOST BUYERS START FROM**
>
> **Adjusted earnings × a multiple = enterprise value.** Buyers take your annual profit (usually "EBITDA" — earnings before interest, taxes, depreciation and amortization), adjust it to reflect what the business really earns, and multiply it by a number that reflects how attractive and durable those earnings are.

Why "adjusted" matters so much

Family businesses often run personal expenses through the company, pay the owner above or below market, or carry one-time costs. *Normalizing* those items — called add-backs — can legitimately raise the earnings a buyer credits you for. Done carefully and defensibly, this is one of the highest-leverage things you can do before a sale. Done sloppily, it invites a buyer to discount everything you claim.

What moves the multiple

Two businesses with identical profit can sell for very different prices. The multiple rises when the business can run **without you**, when no single customer dominates revenue, when earnings are growing and recurring, and when the books are clean. It falls when the opposite is true.

3–6×

A common EBITDA range for healthy lower-middle-market businesses — yours may differ widely by industry

#1

Owner dependence is the single most common drag on value for family businesses

$0

What a verbal "the books are basically right" is worth to a buyer's accountant in diligence

The takeaway:

Value is built long before the sale. The cleaner your financials, the less the business depends on you personally, and the more durable your earnings, the stronger your position when it is time to talk price.

CHAPTER TWO

The team you need in your corner

No owner sells well alone. The buyer — especially a private-equity buyer or a larger strategic company — arrives with experienced advisors. You need your own. The good news: each plays a distinct role, and a good team pays for itself many times over.

01 **The M&A advisor or investment banker**

Runs the sale process, helps position the business, finds and creates competition among buyers, and quarterbacks negotiations. On a well-run sale, competition alone often more than covers their fee.

02 **Your CPA / tax advisor**

The structure of a deal can change your after-tax proceeds dramatically. Your accountant models what you actually keep under different structures — and is often the trusted advisor who has known your business the longest.

03 **Your transaction attorney**

Translates the handshake into terms that protect you, negotiates the language that decides who bears which risks, and steers you clear of the clauses that quietly shift money and liability onto the seller. (This is our seat at the table.)

04 **Your wealth advisor**

Plans for the proceeds before they arrive — estate, tax, and family considerations are far easier to handle *before* the wire hits than after.

> **THE RECIPROCITY THAT PROTECTS YOU**
>
> The best teams talk to each other. When your banker, CPA, and attorney coordinate early, fewer surprises survive to the closing table — and surprises at the closing table almost always favor the buyer.

CHAPTER THREE

How a sale unfolds, step by step

Most sales follow a recognizable arc. Knowing the sequence helps you keep running your business — which you must, because a dip in performance mid-sale is one of the fastest ways to lose leverage.

1 **Preparation & positioning**

Clean up financials, identify add-backs, and assemble the story. Quietly the most important phase — and the one owners most often rush.

2 **Going to market**

Your advisor approaches a curated set of buyers under confidentiality. Interested parties submit indications of interest.

3 **The letter of intent (LOI)**

You select a buyer and sign a mostly non-binding LOI setting price and key terms. **More leverage lives here than anywhere else** — once you sign, you usually grant exclusivity and the balance of power shifts.

4 **Due diligence**

The buyer inspects everything — financials, contracts, employees, legal history. Clean books and organized records keep value from eroding here.

5 **Definitive agreement & closing**

Lawyers negotiate the binding purchase agreement — the document that actually governs the deal. Then you sign, funds transfer, and ownership changes hands.

> **WHERE OWNERS LOSE THE MOST LEVERAGE**
>
> Everything is negotiable *before* the LOI. After it, you are usually negotiating against a clock, under exclusivity, with a buyer who knows you are emotionally committed. Get the terms that matter right early.

CHAPTER FOUR

The terms that decide what you keep

Headline price gets the attention. But several quieter terms determine how much of that price you actually receive, and how surely. Here are the ones worth understanding before you negotiate.

Asset sale vs. stock sale

Are you selling the company's *assets* or your *ownership shares*? The choice carries very different tax and liability consequences for both sides — and it is often negotiable. This single decision can swing your after-tax result meaningfully.

Cash at close vs. deferred money

Rarely is the whole price wired at closing. Portions may come later through the structures below — each of which carries risk that the money arrives at all.

- ☐ **Earnout** — part of the price paid later *if* the business hits agreed targets. Bridges price disagreements, but the details decide whether you ever see it.
- ☐ **Seller financing** — you effectively lend the buyer part of the price, repaid over time with interest.
- ☐ **Escrow / holdback** — a slice of the price parked aside to cover problems found after closing.
- ☐ **Rollover equity** — you keep a stake in the new company, betting on a "second bite" when it sells again.

Reps, warranties & indemnification

These are your promises about the business — and what you owe the buyer if a promise turns out wrong. The scope, the time limits, and the dollar caps are heavily negotiated, because this is where money flows *back* to the buyer after closing. Getting this language right is among the most valuable things your attorney does.

> **THE ONE-LINE LESSON**
>
> A higher headline price with weak terms can leave you with less — and less certainty — than a lower price paid cleanly. Negotiate the whole structure, not just the number.

CHAPTER FIVE

Five mistakes that cost owners the most

01 **Waiting until they're ready to sell to prepare**

The work that raises value — clean books, reduced owner dependence, durable earnings — takes one to three years. Owners who start at the LOI have already missed it.

02 **Letting the business dip during the process**

A sale is a second full-time job. If performance slides mid-process, buyers re-trade the price — almost always downward.

03 **Negotiating without competition**

A single buyer with no rival sets the terms. Even the perception of other interested parties changes the entire dynamic in your favor.

04 **Treating the LOI as a formality**

Owners relax once they have a signed LOI. In reality they have just handed over much of their leverage. The terms you accept here echo through every document that follows.

05 **Skimping on the team to save fees**

The few points saved on advisory fees are routinely dwarfed by value lost to a structure no one flagged, or a clause no one caught. This is not where to economize.

> **THE THREAD RUNNING THROUGH ALL FIVE**
>
> Time and preparation. Nearly every expensive mistake traces back to starting too late. The earlier you plan, the more options — and leverage — you keep.

CHAPTER SIX

Are you ready? An owner's questions

You do not need a "yes" to every question to begin — but each "no" is a place to start working. Run honestly through this list.

- [ ] Could the business run for 60 days without me making every decision?
- [ ] Are my last three years of financials clean, accurate, and ready for an outside accountant to inspect?
- [ ] Does any single customer make up more than, say, 20% of revenue?
- [ ] Do I know, at least roughly, what I need to net from a sale to fund the next chapter of my life?
- [ ] Have I had even one conversation with a tax advisor about what a sale would cost me?
- [ ] Are my key contracts, leases, and licenses transferable to a new owner?
- [ ] Is my management team strong enough to give a buyer confidence after I'm gone?
- [ ] Do I have a realistic sense of timing — and am I starting early enough to prepare?

IF YOU CHECKED FEWER THAN YOU'D LIKE

That is normal — and it is exactly why owners who plan ahead do better. Every item above is improvable with time. The best moment to start was a few years ago; the second-best is now.

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Thinking about *what's next* for your business?

Whether a sale is years away or already on the horizon, the earliest conversations are the most valuable — and they cost you nothing but an hour. We help South Carolina business owners understand their options, protect their interests, and keep more of what they've built.

START THE CONVERSATION

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