

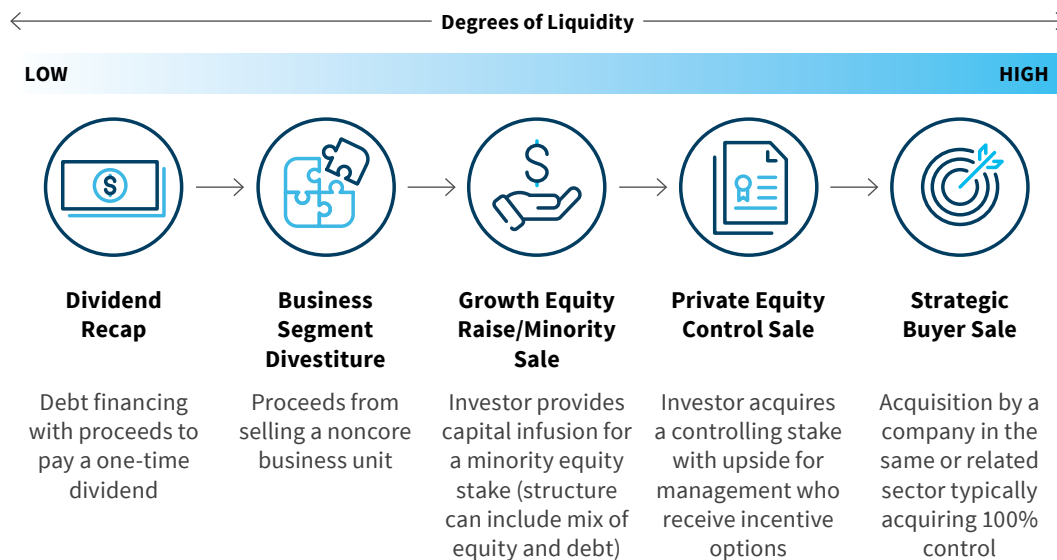


A Business Owner’s Guide to the Spectrum of Liquidity

Leaders of founder-owned businesses typically don’t have much experience when it comes to selling a company—or raising outside capital. But when considering such a move, they should know that there’s a wide breadth of options.

What’s considered a typical sale is just one avenue available to company leaders. The following chart outlines the spectrum of available liquidity options—from dividend recaps on one side to a strategic buyer sale on the other—when it comes to how much liquidity is generated, how much control is maintained post-transaction, and near- and long-term liquidity considerations.

Liquidity Options for Your Company’s Next Step



A Premier Advisor for Over Nine Decades

Since 1935, William Blair has guided owners of closely held businesses and their trusted advisors through monumental decisions. Our relationship-driven approach empowers owners to maximize the value of their businesses—and turn that capital into an enduring legacy. We invite you to contact us to discuss the ways we support and advise business owners and help our clients capitalize on the tremendous opportunities available to them today.

Spectrum of Liquidity Options

	Near-Term Liquidity Considerations	Long-Term Liquidity Considerations
Dividend Recap	Immediate value realization without selling shares or issuing regular dividend payments	Opportunity to refinance debt at lower interest rates; but debt covenants and leverage levels can limit future financial flexibility
Business Segment Divestiture	Generates immediate cash to be reinvested in the core business, fund acquisitions, pay down debt, or return capital via a dividend	No future cash flow from the business segment and potential loss of operational synergies (e.g., shared procurement benefits, cross-selling)
Growth Equity Raise/ Minority Sale	Maintain control while using capital for growth, acquisition financing, and shareholder liquidity	Significant upside for controlling shareholders to liquidate upon a future IPO or sale to a strategic/ private equity buyer
Private Equity Control Sale	Loss of control but brings in a partner to provide intellectual and financial capital for a 3- to 5-year investment horizon	More shareholder liquidity with potential upside in rolled equity with the possibility of a future IPO or sale to a strategic/private equity buyer
Strategic Buyer Sale	Immediate liquidity for all shareholders; outlier valuation may result from potential synergies and strategic fit	No future upside for shareholders unless target receives acquirers' stock as part of sale

The key for business owners is determining the amount of liquidity needed, matching that with the right transaction type, and, if selling an ownership stake, ensuring they've found the right partner. Please don't hesitate to contact us to learn more.

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