

# Selling your business:

A founder's guide to a  
successful exit



Selling a business is one of the most significant decisions a founder will ever make. It brings a mix of emotions—excitement about the future and the financial rewards that may last a lifetime, but also significant responsibility, knowing that the choices made will have long-term and often irreversible consequences.

Because the stakes are so high, careful planning and preparation are essential. A practical framework, shaped by the experience of advising many business owners who have gone through this process, can help guide decision-making and reduce the risk of common pitfalls.

### The right time to exit

One of the most common questions asked by founders is: "When is the right time to exit?" The truth is, there isn't a one-size-fits-all answer. The timing depends on personal circumstances, the stage of the business, and the goals one seeks to achieve from the exit. That said, there are some guiding principles. Ideally, planning should commence two to three years before a founder intends to step back. Most investors expect founders to remain involved during a transition period while they become fully acquainted with the business.

Starting early also widens the pool of potential buyers. Financial buyers, such as private equity firms and family offices, typically need time to build a management team to replace the founder. Planning ahead provides greater flexibility, more options, and ultimately a stronger outcome.



### Building a management succession plan

A common issue in founder-led businesses is the founder's central role in day-to-day success. While this hands-on approach often drives growth, it can also raise concerns for potential investors. Buyers want to acquire a company that operates as a well-oiled machine, not one that depends entirely on a single individual.

A professionalized C-suite goes a long way in reassuring buyers about a company's continuity and long-term potential. As exit planning begins, it is worth identifying potential successors early on—ideally from within the team—so buyers can see that a credible leadership bench is already in place.

This also shapes how long new owners expect founders to stay on and remain involved. The stronger and more credible the management team, the smoother the handover, and the shorter the transition period is likely to be.



### Getting a business investor-ready

As a business enters an exponential growth phase, the systems and enabling functions often fail to keep pace. While this may be less of a concern when founders are still in charge—given their deep knowledge of a company's history and evolution—it becomes a key area of focus for potential investors during diligence.

Areas that most often require attention include financial systems, independent audits, related-party transactions, legal and compliance frameworks, and working capital management. Even small details in these areas can significantly affect both the attractiveness of a transaction and the price ultimately achieved.

Founders' compensation is a common example. In some cases, founders take nominal (below-market) salaries, overstating profitability from a buyer's perspective. In others, founders draw above-market compensation, understating profitability and, consequently, the valuation of the business.

Thorough preparation in these areas is key to achieving the best possible outcome.

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### Designing the right process: Confidentiality, momentum, and flexibility

Mergers & Acquisitions (M&A) demand significant time and attention from both founders and senior managers. The challenge is to ensure that the transaction process does not disrupt daily operations or undermine long-term value.

Confidentiality is critical, requiring careful judgment about who to inform and when, as poorly timed disclosures can unsettle employees, customers, or vendors. Stakeholder communication also requires thoughtful planning to anticipate how staff, clients, and suppliers might react. Momentum must be maintained, as extended timelines create uncertainty and distract from the business. Flexibility is equally important, since buyer concerns and market conditions can shift.

The faster an outcome is reached—positive or negative—the sooner leadership can refocus entirely on running the business.



### Setting transaction objectives and valuation expectations

For most founders, maximizing value is the headline objective. But it's important to think more holistically about what one seeks to achieve from the transaction. Listing the full set of objectives upfront helps shape both the process and the eventual transaction structure.

Consider, for example, the trade-off between cash today versus long-term upside: is it preferable to receive \$100 today, or \$80 now with the chance to earn an additional \$70 in three years if staying with the business with the new capital? The "right" choice depends on goals, risk appetite, and long-term objectives.

In the Middle East, where comparable transactions are often limited, flexibility is especially important. Taking feedback from the market on both valuation and deal structure—and being willing to adapt—can significantly improve the overall outcome.



### Tax considerations, especially for expats

For expat founders, tax planning can be just as important as the sale itself. While some jurisdictions, such as the UAE, may not levy capital gains tax, returning to the home country after an exit can trigger significant tax liabilities.

Seeking specialist advice early in the process is essential. The structure of the transaction—whether an asset sale, share sale, or a deal involving deferred payments—can materially impact the overall tax bill. Effective planning ensures the transaction is not only compliant but also aligned with long-term financial objectives.



### Warranty & Indemnity (W&I) insurance: Protecting your wealth post-exit

As part of most sale agreements, sellers are required to give a series of representations, warranties, and indemnities about the business. If any of these prove to be inaccurate, buyers may bring claims against the sellers—potentially leading to significant financial liability, even after the deal has closed.

Depending on the size and nature of the transaction, it may be wise to consider W&I insurance. While it comes at an additional cost, W&I insurance can provide valuable protection, helping safeguard the wealth created through the transaction and providing peace of mind during and after the transaction. Selling a business is not just a financial event—it is a defining moment in a founder's journey. The best outcomes come from early preparation, building a credible team, professionalizing systems, and entering the process with clear goals and flexibility. When managed effectively, a sale can secure a legacy, protect wealth, and provide the freedom to focus on the next chapter of the journey.

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