



# More Than Managing the Proceeds

How Wealth Managers Play a Critical Role  
Across All Stages of a Business Sale

## A Wealth Manager Plays a Critical Role Across All Stages of a Business Sale.

Selling your founder-led or family business is more than just a financial transaction – it’s a significant life transition. It means letting go of something you or your family built from the ground up that has been an essential source of purpose, pride and identity.

While many business owners seek out a valuation specialist or investment banker at the start of the sales process, most don’t realize the advantages of involving a wealth manager in these early stages. They believe you call a firm like Altair once the sale has happened and you have money to invest.

We’ve created this resource to outline how we assist clients before and within a sales process to capture planning and asset structuring opportunities that may no longer be available once the deal closes. Altair has helped many clients through the sale process and we do so as a third-party working in your best interest.

We hope this concise guide illustrates the value of our experience and perspective, and that it encourages business owners to engage with us long before decisions on asset allocation of the sale proceeds are needed. We break down the sale process into before, during and after, and we offer specific examples of how Altair professionals have provided value for clients at each of these stages.

## Planning for the Sale: Start early for best results

Preparing for a sale should optimally begin several years before the desired exit date to ensure that all of the many pre-sale tasks and options are explored and addressed.

Underestimating the prep time can add stress to an already pressure-filled period and can also exact a financial cost. Several surveys of business owners post-sale have found that many regret not starting their planning sooner.

Some key elements of preplanning:

**Determine what you need from a sale:** It's critical to know how much you need from a sale to support your lifestyle and that of any family members economically dependent on the business. Figuring out this number will also help you assess an offer's structure in terms of upfront cash in full versus a price that includes contingencies.

**Talk it through to create harmony:** The sale of a business can have an impact on family members, possibly across multiple generations. Expectations regarding the sale process and the post-sale realities must be clearly understood by everyone with a financial stake, current or future, in the business.

**Take action for tax efficiency:** Changing a corporate structure, redistributing equity or creating a trust are among the moves you can make – often only before a sale – to significantly save on taxes. Beyond tax planning, consider developing an estate plan that aligns with your wishes for transferring wealth to heirs and philanthropies.

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## Evaluating a Surprise Offer



Bryan Malis  
Managing Director

“A professional contact introduced us to the owner of a growing, multi-generational business who had received an unsolicited offer for the enterprise. The price was attractive enough to be worth considering, but because the owner had not been planning to sell, he had not done any upfront thinking before the offer was on the table.

His primary concern was his family's financial future. They relied on the business for their livelihood, so would investing the sale proceeds produce enough income to replace what they were losing?

To help in his decision making, we ran multiple financial scenarios that considered a range of return assumptions, income requirements, life expectancy and other variables. This gave him confidence that the proceeds from the offer would generate enough income to support both his lifestyle needs along with those of other family dependents. It also put him in a position to make a data-informed decision on both the offer size and structure requirements.

“This introduction and analysis were the starting point for this business owner and his family becoming clients of Altair.”

## Making the Sale: Building an effective team is key

Matching up with the right buyer and completing the sale can be an arduous, time-consuming journey with many hurdles that must be cleared along the way. And this is happening while you are trying to run the business in a way that enhances its market appeal.

Some key elements of the sale stage:

**Put together your experts:** Many business sales require a wide range of specialists. This group can include appraisers, investment bankers, lawyers and accountants. We recommend having a trusted financial adviser collaborate with these professionals to ensure your interests are well-protected.

**Structure an acceptable deal:** You may want to retain some equity or stay involved in the business under new ownership. Or maybe the buyer wants you to stay involved for a certain period, or wants a portion of the purchase price to be contingent on future performance. Your professional team can evaluate these different options and share what they have seen from other clients who have been in this position. You will then be in an informed position to decide what arrangements are the most (or least) desirable for you.

**Get ready to let go:** You've likely spent many years building the business up and much of your identity is tied to its rhythms, successes and challenges overcome along the way. For that reason, a sale is a major life event that will require mental preparation. Again, lean on your team of advisors who have perspective from seeing hundreds of clients go through this same transition.

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## Protecting a Client's Retained Assets



Michael Murray  
Managing Director

“An Altair client sold their company to a private-equity firm but kept the underlying real estate and leased it back to the business. Eventually, the PE firm struck a deal to sell the client's former business. The deals terms, however, covered only the PE-owned assets, and not the multiple buildings that the business was leasing from our client.

The leases in effect at the time had just two years left, so we stressed to the client that if they did not act before that deal closed, they could end up with unfavorable lease terms and even loss of the existing tenant, which could diminish the property's value.

On the client's behalf, we succeeded in getting the PE firm to extend the leases into a long-term, fair-market structure prior to the close. This gave the client a number of potential options: sell the buildings to the business's new owner, find a third-party buyer or just keep collecting the rent.

Key to getting this favorable outcome was that, even though a deal was already in progress, we got there in time to be able to protect our client's financial interests.”

## Life After the Sale: Building an effective team is key

Assuming you're not staying on to help run the business for the new owner, you can now do the things you've wanted to do if only you weren't so busy at work.

Spend more time with family, travel, volunteer, mentor, even start a new enterprise – the sale provides the time and means to do many things. But administering this converted wealth also needs to be a top priority.

Some key elements of the after-sale process:

**Adapt to your new identity:** You're no longer the boss so many people will see you differently and this may take some getting used to. While there's no one-size-fits-all advice on how to expedite this adjustment, focusing on the exciting possibilities ahead may help.

**Manage the sale proceeds:** Before the sale, you set up structures to receive the wealth from the sale. Now that you have those dollars, how should you invest them to fund your specific goals. Working with a professional manager can help you achieve post-sale tax efficiency and adhere to your pre-sale plans.

**Educate the extended family:** The saying "rags to rags in three generations" illustrates the vital role that financial education can play in maintaining wealth over time. Younger family members will eventually inherit this wealth – ensure they are prepared to be responsible stewards so generations to come will also benefit from your legacy.

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## Facilitating a Second Act



Rachael Halstuk Mangoubi  
Managing Director

"After selling his company, a client stayed on to work for the new owner but he didn't like the arrangement and, after a while, decided to leave. We talked through some options for what he should do next. He still had plenty of drive and wanted to work, so the focus was on finding the right opportunity.

We introduced him to a contact in the private-equity space, which led to an executive role at a PE-backed company. His experience gave him valuable knowledge that he shared to help them build out their business strategy.

Several productive years later, it was retirement time. Our client had acquired an equity stake in the company that provided him with a second profitable exit.

It is not unusual for someone to sell their business before they are ready to call it a career: age, self-identity, outside interests and more go into that decision. Our client wanted to keep working, so Altair's role was to help him identify a rewarding next move and then leverage our resources to help facilitate that transition."

If you are thinking about selling your business, our advice is to start planning early, assemble a capable team and find a satisfying next act.

While it sounds simple, each step in this sequence in itself an elaborate process requiring complex analysis with a series of interrelated decisions that can determine the ultimate success of a sale.

We feel fortunate to be in a position to help clients through this journey, and the value of our help increases the earlier we are brought into the process. Importantly, we sit on the same side of the table as the business owner in these transactions – the guidance we provide is aimed at helping our client achieve the best possible outcome.

Whether you are contemplating a future sale, have started down the path with a potential buyer or are just past the closing, we encourage you to reach out to us for support and perspective on this exciting new phase of life.

## Disclosures

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