PRIVATE EQUITY

OTHER WAYS OUT: FAMILY, MANAGERS AND EMPLOYEES

Selling to an outside buyer is only one way to leave.

PLAN THE EXIT BEFORE YOU NEED ONE

Every owner leaves eventually. Some choose when. Others leave because of illness, burnout or a family emergency. A written succession plan protects your family, your team and the value you've built.

Start with personal questions. How much money do you need? When do you want to stop? Do you want to leave completely or stay involved? What do you want to happen to your people and your name? Your answers will narrow the options.

SELLING TO FAMILY

It keeps the name alive, and it can be deeply satisfying. It's also where a lot of businesses get into trouble.

- Find out whether your child actually wants it. Ask directly, and listen.
- Make sure they've earned it, preferably with experience elsewhere.
- Set a fair price, and have the business valued independently.
- Decide how to treat children who aren't in the business.
- Consider a licensing requirement. If your successor can't qualify for the trade license, you'll need another plan.

Bring in an attorney and a CPA, since gifts, sales and trusts each have different tax results. Family meetings work better with a neutral adviser in the room.

SELLING TO YOUR MANAGERS

Your general manager or a senior tech may be the best buyer you could find. They know the customers, and your team trusts them. The usual difficulty is money, since few employees have the capital.

Common ways around that:

- A seller note, where you're paid over time
- An SBA 7(a) loan, which can be used for changes of ownership
- A phased sale, in which they buy a share each year

If you finance the sale yourself, you remain exposed to the business's future. Secure the note properly, and keep certain rights until you're paid in full. Keep financial reporting flowing to you, and agree in advance on what happens if payments stop.

SELLING TO YOUR EMPLOYEES

An employee stock ownership plan, or ESOP, buys shares for the benefit of employees. It's more commonly considered by larger companies, but the numbers are worth a look.

According to the National Center for Employee Ownership:

- Once an owner decides on the structure, an ESOP sale takes roughly four to six months.
- Overall ESOP costs typically run 2% to 4% of the transaction price.
- A feasibility study typically costs $25,000 to $50,000.
- A sale to an ESOP can't exceed appraised fair market value, so you won't get a strategic premium.
- In certain C corporation sales, sellers can defer capital gains taxes by reinvesting in qualifying securities.

An ESOP allows you to sell part of the company and keep the rest. It also lets you reward the team that helped build it, and technicians with a real ownership stake have another reason to stay. It's complex, however, and needs specialized advisers, an annual valuation and enough payroll and cash flow to support the plan.

SELLING TO A COMPETITOR OR LOCAL BUYER

A strategic buyer in your market may pay well because they can combine offices, trucks and marketing. They may also cut your staff and retire your brand. Be careful about sharing customer lists and pricing with a competitor before a deal is signed. Your attorney should control that information, and antitrust rules can apply.

SELLING TO AN INDIVIDUAL

A growing number of individual buyers look to acquire small service companies, often using SBA financing. They may keep your team and your name in place. Expect them to need a transition period, and possibly a seller note.

WINDING DOWN

If nobody's going to buy it, you can still sell the customer list, the phone number and the equipment. Plan far enough ahead to pay off debts, handle warranty promises, close permits and give your employees fair notice.

PROTECT AGAINST THE UNEXPECTED

Whatever your plan, you need these in place now:

- A buy-sell agreement if you have partners, funded with insurance
- A will and powers of attorney
- Written instructions on bank accounts, passwords and key contacts
- A named person who can run the company if you're suddenly gone
- A backup for the license your business depends on

REVISIT IT EVERY YEAR

Life changes, and so does the business. Review the plan annually with your attorney and CPA. Then update your readiness list, so that when the moment comes, you're the one making the decision.

Sources: NCEO, ESOP versus conventional sale; SBA 7(a) terms. General information, not legal, tax or financial advice.

Published by Service ProCall. Last reviewed November 2026. General information, not legal advice.

BEST PRACTICES: THE OWNER IS THE BOTTLENECK

MAKE IT A HABIT

What good looks like

> The business runs for 30 days without you.

> Each key job has a written process and a person who owns it.

> You spend more time on the business than in it.

The habits

1. Write down the jobs only you do today, and hand off one a month.
2. Put processes in writing: booking, dispatch, sales follow-up and billing.
3. Give people numbers to own, and review them weekly.
4. Hire or outsource the work that ties you to the phone.
5. Keep clean books and records a buyer or lender can trust.
6. Plan your exit years ahead, even if you never sell.

Signs it's time to get help

- You answer customer calls at night and on weekends.
- Nothing gets decided when you are away.
- Your best people wait for you to make every call.

How one shop did it: Rogers Heating, Cooling, Electrical (Lynchburg and South Boston, Virginia). Spent a year hiring, training and building processes, and put a trusted leader over the call center. The company's vice president took a July 4th weekend off in peak season and the calls were handled

without her. She notes it took more than one false start with hiring to get there. Contracting Business, August 17, 2026

Where we fit: Service ProCall takes the phones and the follow-up calls off your plate, and ProCall Field puts the processes in one system.

More on the owner is the bottleneck