



# **Selling to Private Equity:**

## **Top 12 Questions to Ask Your Potential PE Acquirer**

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# What Makes Selling to PE Different?

- PE buyers aren't just acquirers; they're partners post-close.
- A sale often involves an equity rollover; you'll retain skin in the game.
- Understand the buyer's strategy and expectations.
- **Goal:** not just closing, but maximizing long-term value.



# This Is a Long-Term Relationship.

## Not Just a Transaction

- The PE firm will likely control the new entity, but you'll still play a role.
- Alignment in goals, values, and vision matters.
- These 12 questions help you gauge risk, control, and opportunity.
- Your wealth, team, and legacy depend on it.



# 1. What is your investment strategy and typical hold period?

- Buy-and-flip or long-term strategic?
- Typical hold: 3–7 years. Where does this firm fall?
- Do they have experience in your industry or stage?
- Do their goals align with your exit plans?





## 2. What investment returns are you targeting?

- High returns = aggressive growth tactics.
- Lower returns = sustainable scaling.
- Ask about past portfolio performance.
- Ensure expectations fit your market reality.



### 3. How much of the purchase will be financed with debt vs. equity?

- High debt = higher risk and cash flow pressure.
- Could boost second bite, but adds risk.
- Who services the debt?
- Request post-close financial structure.



## 4. What level of management involvement will you expect from me?

- Full-time operator, board advisor, or phased exit?
- Any performance incentives or earnouts?
- Day-to-day control or strategic oversight?
- Clarify time commitment and pay post-close.



## 5. What are your plans for future growth of the company?

- Will they invest in product, people, acquisitions?
- Organic vs. inorganic growth strategy?
- Do they leverage your strengths or reshape the firm?
- Are their plans achievable?





## 6. What are your plans for existing management and employees?

- Will the executive team be retained or replaced?
- Are there incentives or equity for the team?
- Will they bring external consultants or execs?
- How will company culture be preserved?



## 7. What is the process and timeline for completing the transaction?

- Confirm LOI-to-close timeline expectations.
- What does diligence look like?
- Who are the decision-makers?
- Beware of deal fatigue and maintain momentum.



## 8. How will you value the company and my rollover equity?

- What valuation multiple is used?
- Rollover equity: discounted or pro rata?
- Any different rights/preferences?
- Request comparable and methodology.



## 9. Will there be an Earnout?

- Earnout based on revenue, EBITDA, or other metrics?
- Are targets achievable? Who controls them?
- Any adjustment clauses?
- Earnouts align incentives but can cause tension.



## 10. What resources do you bring to the table to support growth?

- Access to markets, talent, technology, or playbooks?
- What portfolio synergy exists?
- Will they support governance, hiring, board?
- Are they value-adding or just financial backers?





## 11. What information and liquidity rights will I have on my rollover equity?

- Access to financials, board, key decisions?
- How often will updates be shared?
- Transparency protects your investment.
- Tag-along, drag-along, put/call rights?



## 12. Can you provide references from other companies you've acquired?

- Ask for founder references, especially with rollover.
- Talk to teams that thrived and those that didn't.
- Dig into post-close dynamics.





**QUESTIONS?**  
Thank you for joining me today.

**Contact Us.**



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