

Key Family Wealth — Business Advisory Services (BAS)

# Selling to the Competition: Risky Move or Smart Strategy?

---



## Introduction: Why your competitor might be your best buyer

Selling a business is one of the biggest decisions you'll ever make — and often, the most emotionally complex. But what happens when the party most interested in buying your business is ... your competitor? It might seem counterintuitive, maybe even risky. After all, you've spent years trying to outperform them. But in the right scenario, a competitor can be your most logical and lucrative exit strategy.

If you're a business owner contemplating a sale, here's what you need to know before entering serious discussions with a competitor. This guide walks you through key considerations, potential risks, and strategic steps to help protect your interests and maximize value.

## Why competitors are often the most motivated buyers

Believe it or not, a competitor can often be your most motivated and capable buyer. They already understand your business model, know the challenges of the industry, and likely recognize the value of your customer relationships, processes, and team. That familiarity can streamline diligence and negotiations. Competitors might be willing to pay a premium because of the synergies — cost savings, expanded market share, or operational efficiencies — they see in combining forces.

Of course, the shared knowledge that makes them a compelling buyer is also what makes the situation sensitive. Which brings us to some of the risks.

# Selling to the competition: Risky move or smart strategy?

---

## Yes, there are risks, but they can be managed

The biggest concern owners have when selling to a competitor is confidentiality. And rightly so. Sharing financials, customer lists, and operational details with someone who's usually trying to beat you in the market can feel uncomfortable, especially if the deal doesn't go through.

This is why confidentiality agreements and carefully staged disclosures are critical. You don't hand over the keys to the castle in the first meeting. An experienced advisor will guide you on what to share and when, so you're protected throughout the process.

There's also the "people" side of things. Employees can get spooked if word of a potential sale leaks. Customers might worry about changes in service or relationship dynamics. That's why a well-managed, confidential process is so important — not just to get the deal done, but to preserve the value of the business while you're still running it.

## Structure the process thoughtfully

Even if a competitor expresses interest first, don't treat the conversation casually. Approach the process with the same structure and discipline as you would with a private equity group or strategic buyer you've never met.

Start with a proper range of values. You need to know what your business is worth before you sit at the negotiating table. Then, consider running a broader process — one that includes more than just your competitor. Even if you strongly suspect they'll be the buyer, having other parties in the mix creates healthy pressure and can lead to better terms.

Early on, you can protect your identity by using a blind profile — something that describes your company in general terms without revealing who you are. This lets you gauge interest while maintaining a layer of protection.

## What does the buyer actually want?

Understanding the other party's motivations is key. Are they interested in your customer base? Your leadership team? Your technology? Maybe it's your geographic footprint or brand reputation. Whatever it is, the more you understand what's driving their interest, the better you can position your value.

Sometimes a competitor is looking to remove a rival from the market. Other times, they're hoping to acquire capabilities or resources they don't have in-house. When you know what they're after, you can structure a deal that makes sense for both sides — and gives you more negotiating power.

## Think ahead to what comes after

Selling to a competitor often comes with some level of integration. That means you'll need to think about how the teams, cultures, and operations will come together. Will there be layoffs? Will your brand remain? Are you expected to stick around for a transition period? If so, for how long and under what terms?

These are the kinds of questions that will come up during negotiations and having answers (or at least preferences) in mind can make the process smoother and more collaborative.

## Make sure you have the right people in your corner

Selling your business — especially to a competitor — isn't something you want to do alone. Surround yourself with professionals who know how to navigate these dynamics. That includes a wealth manager who can help align the sale with your long-term financial goals, an M&A advisor who understands competitive transactions, an attorney who knows how to structure deals and protect confidentiality, and a tax advisor who can help you understand what you're walking away with after taxes.

Having the right team gives you peace of mind and allows you to keep focusing on running your business while the process moves forward.

# Selling to the competition: Risky move or smart strategy?

---

## Final thoughts: Get it done, but do it right

Selling to a competitor might feel unconventional, but in many cases, it's the smartest move you can make. Just make sure you don't treat it like a handshake deal. Run a structured, strategic process, keep your options open, and protect the value you've built over the years.

If you're exploring a potential sale or just curious about how this type of transaction might work in your industry, we'd be happy to talk. Selling your business is a once-in-a-lifetime event — make sure it's done right.

---

For more information, please contact your KeyBank Relationship Manager.

The Key Family Wealth BAS team is dedicated to providing guidance and support to privately held business owners like you. Specifically, the BAS team helps owners prepare for an eventual business transition with strategies and advice on how to maximize the after-tax value of a business transition.



Page 3 of 3

---

Key Wealth, Key Private Bank, Key Family Wealth, KeyBank Institutional Advisors and Key Private Client are marketing names for KeyBank National Association (KeyBank) and certain affiliates, such as [Key Investment Services LLC \(KIS\)](#) and KeyCorp Insurance Agency USA Inc. (KIA).

KeyBank and its affiliates do not provide tax or legal advice. This material is for informational purposes only and does not constitute tax or legal advice. The information contained herein should not be used in substitution for consultation with professional tax, accounting, legal, or other competent advisors. The strategies and concepts discussed herein are complex and may be speculative and involve a high degree of risk, including the risk of tax penalties. Before execution or implementation of any strategy discussed herein, you should consult with your personal tax and/or legal advisor.

Any models, projections, or estimates contained herein are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. All results use simplifying assumptions that do not completely or accurately reflect your specific circumstances. Small changes in facts, assumptions, or circumstances can have a substantial impact on the results shown.

This information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Any opinions or projections contained herein are subject to change without notice, are those of the individual author(s), and may not necessarily represent the views of KeyBank or any of its subsidiaries or affiliates. KeyBank makes no assurance that any particular strategy will be successful, and, to the extent this material concerns tax matters, it is not intended to be used and cannot be used for the purpose of avoiding penalties that may be imposed by law.

Investment products, brokerage and investment advisory services are offered through KIS, member FINRA/SIPC and SEC-registered investment advisor. Insurance products are offered through KIA. Insurance products offered through KIA are underwritten by and the obligation of insurance companies that are not affiliated with KeyBank.

Non-deposit products are:

**NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE • NOT A DEPOSIT • NOT INSURED BY ANY FEDERAL OR STATE GOVERNMENT AGENCY**