

Rethinking the Early Exit: How Gen X and Millennial Owners Are Selling Smarter in 2026

January 30, 2026

By Michael N. Mercurio



While much of the exit-planning conversation has centered on Baby Boomers approaching retirement, Millennial and Gen X founders are also a growing segment of today's middle-market sellers. These generations collectively own a large portion of small and middle-market businesses, and they often do not hold on to their businesses as long as previous generations, prioritizing exits at a stage when they can still pivot to new ventures.

This means that earlier-in-career exits are becoming increasingly common, and they present a distinct set of considerations for these younger generations, particularly for those looking to make a move in 2026.

Market Conditions in 2026

Starting in 2025, we began to see a much more active merger & acquisition (M&A) market than we have the past few years, and that is expected to continue as we move through 2026. Strategic buyers remain active, private equity firms continue to deploy record levels of dry powder, and financing conditions (particularly in private credit) have improved. At the same time, buyers remain disciplined, and valuations favor businesses with predictable cash flow, strong management teams, and scalable operations, even where growth remains the primary story.

For younger founders, this kind of dynamic can cut both ways. Many younger companies are still scaling, reinvesting, or professionalizing operations, which can limit valuation if pursued too early. Therefore, one of the most critical drivers of outcome this year is timing the market, while also allowing the business to mature operationally.

The Impact of Boomer Sales on Timing and Valuation

It is important for Gen X and Millennial business owners to note that right now, there are many Boomer-owned businesses that are coming to market. While this wave of Boomer business sales is fueling buyer interest, it does present another layer of complexity for younger sellers. Unlike legacy businesses with decades of operating history, companies owned by Gen X or Millennials may lack the same kinds of long-term financial track records.

While buyers in 2026 are still willing to underwrite growth, they are going to expect clean financials, recurring revenue, and evidence that performance is durable, not founder dependent. This is why strategic exit planning, often beginning 12 to 24 months before a sale, can materially improve valuation by allowing time to normalize earnings, strengthen leadership, and reduce execution risk. Market cycles and competitive sale dynamics also matter, particularly as so many Boomers will be selling over the next few years.

Choosing the Right Deal Structure for Long-Term Wealth

Younger sellers typically have decades of professional life ahead of them, making deal structure equally as important as price. Partial liquidity events, rollover equity, earn-outs, and minority recapitalizations remain common in 2026, particularly in private equity transactions.

Remember that the structure you choose will have significant tax, risk, and governance implications and should be addressed early with experienced legal and financial advisors. This will all impact your long-term wealth, so choosing wisely here is critical.

Gen X and Millennials are certainly taking a different approach to business ownership and exit timing than earlier generations, opting for exits earlier in life that afford them flexibility and opportunity. While there can be incredible benefits to these early exits, in today's competitive and disciplined M&A environment, younger owners must think beyond valuation alone, considering timing, structure, and how each decision will impact their long-term wealth.

Ultimately, a successful exit for today's younger business owners is not defined by the sale itself, but by how deliberately it positions them for sustained financial security, future ventures, and the next chapter of their professional lives.