

Preparing for a Sale in 2026: What Retiring Business Owners Need to Know

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As we begin 2026, we find ourselves right in the middle of “Peak 65,” the period of time between 2024 and 2027 when approximately 4.1 million Americans will turn 65 each year.

Also known as the “gray tsunami,” this powerful demographic shift has profound implications for closely held and family-owned businesses. For many of these business owners finding themselves at retirement age, 2026 will be a pivotal year, particularly for those who want to exit on their own terms through a sale.

We previously examined this issue in 2025, but as the next round of business owners look at a potential sale in 2026, it’s time to revisit the issue and some of the specific considerations for sellers this year.

Market Timing and Buyer Behavior

In 2026, buyers are still disciplined. They will pay for quality, predictability, and growth, but they will penalize uncertainty. This means it is important to position the business as “recession-resilient,” showing recurring revenue, diversified customers, and stable margins.

Sellers should also avoid sending a signal of urgency. Many buyers view a retirement-driven sale as a “must sell.” This can weaken the leverage on the seller’s side. In 2026, sellers should also anticipate longer diligence and tougher deal terms, especially if your house is not in order.

Financial Readiness

Having strong, clean financials is the single biggest value driver. 2026 buyers are going to heavily scrutinize everything from the last 24-36 months of financials to working capital trends to cash flow vs. EBITDA. This means it is important that your financials tell a clean story.

Look carefully at issues such as owner compensation, what family is on the payroll, personal expenses, and one-time expenses. Remember that buyers will discount anything that is unclear or that you must overly explain. If it takes more than 30 seconds to explain an adjustment, you can likely expect pushback.

Owner Dependence and Transition

It is important to understand that buyers are not buying you. They want to buy a business that works without you. They will be looking for red flags such as too much control over key customer relationships or pricing, hiring or spending. If the owner is the only one who really “knows how things work,” it doesn’t instill confidence in the future of the business.

Make sure you are delegating customer relationships, creating formal processes for pricing, approvals, and reporting, and identifying or elevating a second in charge or leadership team that can carry the torch moving forward. You should also document key processes and procedures so that there is a clear roadmap once you exit.

Deal Terms

In 2026, deal terms are going to be just as important as the headline price. Many sellers are focused just on the price, but they will regret the deal terms down the road. This year, buyers will be focused on terms such as earnouts tied to performance, seller notes, escrows and indemnity exposure, and post-closure employment or consulting obligations.

Before you decide to sell, you must determine how long you are willing to stay involved, as well as what level of risk you're willing to tolerate after the close. Are you looking for certainty or are you looking for upside? The more clarity you have on these issues going into negotiations, the less likely you are to make an emotional decision you will regret later.

Family Dynamics

One often overlooked issue that sellers do not consider is the dynamics of the family within the business. Emotional risk is viewed as financial risk, and this can be tricky when a family business comes up for sale.

Do you intend for any children or relatives to stay on with the business? Is everyone aligned on value and timing? And what kind of family perks are embedded in the business? All of these are vital questions to answer well ahead of a sale. 2026 buyers will move away from uncertainty around family involvement or adjust the price accordingly.

Looking Ahead

For retiring business owners, selling a company is one of the most consequential transactions of their lives. In the context of the gray tsunami and an increasingly active middle-market M&A environment, 2026 is filled with opportunities as well as risks. With thoughtful preparation, it is possible not only to maximize value, but also to protect the legacy built over decades and transition into the next chapter on favorable terms.