

A photograph of three women sitting on a couch in a modern, brightly lit room with large windows in the background. The woman on the left is standing and leaning forward, wearing a light-colored sleeveless top and a name tag that reads "Pats McKeon-Dunn". The woman in the center is sitting, wearing glasses and a dark patterned top, gesturing with her hands while speaking. The woman on the right is sitting, wearing a grey patterned jacket and a name tag, listening attentively. A small potted plant is visible on the left side of the frame.

Cavendish

WOMEN OF INFLUENCE

Conversations that shape your future

What does it all mean:
Understand the terms. Stay in
control. Make confident
decisions.

Cavendish

Supporting you through the moments that matter – sale, scale, and everything in between.



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Selling, growing, raising money - or just figuring out what's next - business conversations come with their own language.

This is a founder-friendly guide to the most common terms that come up most often when selling, scaling, or raising investment.”

You don't have to speak the language of deals fluently. But you do need to understand it.

This glossary is one small part of how we support founders through the big decisions - clearly, and with your goals in mind.

REBECCA MCCREDIE

Director, M&A Advisory

Know the Terms

Stay in Control

Term	What it means	Why it matters	Founder tip
Data Room	A secure online folder for uploading documents during due diligence.	It's where your business is judged.	Prepare early - neat, complete files build trust.
Deferred Consideration	A portion of the sale price paid after completion, sometimes subject to conditions.	It delays your full payout and adds risk.	Know what could stop it being paid - and protect yourself.
Drag along rights	A contractual right that allows majority shareholders to force minority shareholders to join in the sale of the company on the same terms.	It ensures a buyer can acquire 100% of the company without being blocked by minority shareholders.	If you're a minority holder, negotiate protections (e.g., fair price, same terms) so you're not dragged into an unfavourable deal.
Due Diligence	The buyer's full investigation of your business before signing.	This is where deals stall or break.	Get your house in order - financially and legally - before you go to market.
Earn-Out	Part of the sale price tied to future performance after the sale.	You may not get it unless targets are met.	Push for clarity and influence over the outcome if you stay involved.
Enterprise Value (EV)	The total business value before subtracting debt or adding cash.	It's often the headline number - but not your final payout.	Always ask: 'Is that enterprise value or equity value?'
Equity Value	What the shareholders actually receive after adjustments.	It's your real number.	Be clear what's being deducted to get from EV to equity value.
Exclusivity Period	A period during which you agree not to talk to other buyers.	It limits your options and gives one buyer all the power.	Keep it short and only agree once key terms are nailed down.
Flotation / IPO	Listing your business on a public stock exchange.	It's rare for small businesses but worth understanding.	More likely to be relevant for PE-backed or fast-growth firms.
Heads of Terms (HoTs)	A short agreement of key deal terms before the full contract.	It sets expectations - changing things later is tough.	Get advice before signing, especially on valuation and liabilities.
Indicative Offer (Non-Binding Offer)	A buyer's early proposal, not yet legally binding.	Indicates how serious the buyer is - next step is due diligence.	Understand draft terms in addition to the headline number.
Information Memorandum (IM)	A marketing document your advisor prepares to attract buyers.	It's how your business is introduced to the market.	Make sure it reflects your voice - not just the numbers.
Management Buyout (MBO)	When your senior team buys the company, often with investor support.	It can offer a softer exit - but often at a lower price.	Only works if your team is ready and the funding is real.
Minority vs Majority Sale	Selling part (minority) or most/all (majority) of your business.	It affects control, future upside, and your involvement post-sale.	Think about what role you want next - and structure accordingly.
Multiple	A number applied to EBITDA or revenue to value the business.	The higher the multiple, the higher the valuation.	Your multiple depends on growth, sector, brand, and buyer appetite.
Private Equity (PE)	Investors who buy into businesses, backing Management to grow and eventually exit.	Expect faster growth and more reporting.	Culture fit matters just as much as capital.
tag along rights	A protection that allows minority shareholders to "tag along" and sell their shares if a majority shareholder sells theirs	It prevents minority shareholders from being left behind in a sale.	As a founder with investors, be aware that tag-along rights may dilute your negotiation flexibility when selling your stake.
Teaser	A short, anonymous summary of your business sent to potential buyers.	It's the first impression - without giving away who you are.	Get the tone right. It should intrigue, not overwhelm.
Trade Sale	Selling to another company, often in your industry.	Can lead to strong strategic fit - and strong prices.	Position your business as a must have, not just a nice to have.

What Now?

Three things you can do next

1 GET YOUR HOUSE IN ORDER

If you're even thinking about selling, investing, or bringing someone new into the business, now's the time to sort your documents, clean up your cap table, and start tracking the numbers buyers care about.

2 TALK TO SOMEONE WHO'S DONE IT

Every founder's path is different. The Women of Influence community brings together people who've been there, whether you want a sounding board, a sanity check, or someone to share the next step with.

3 ASK THE QUESTION YOU'VE BEEN SITTING ON

There's no such thing as a silly question when you're dealing with your life's work. If something's unclear - whether it's a deal term or a gut feeling - ask. That's what we're here for.

Women of Influence series

Cavendish Team

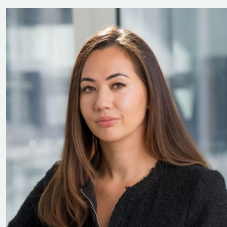


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