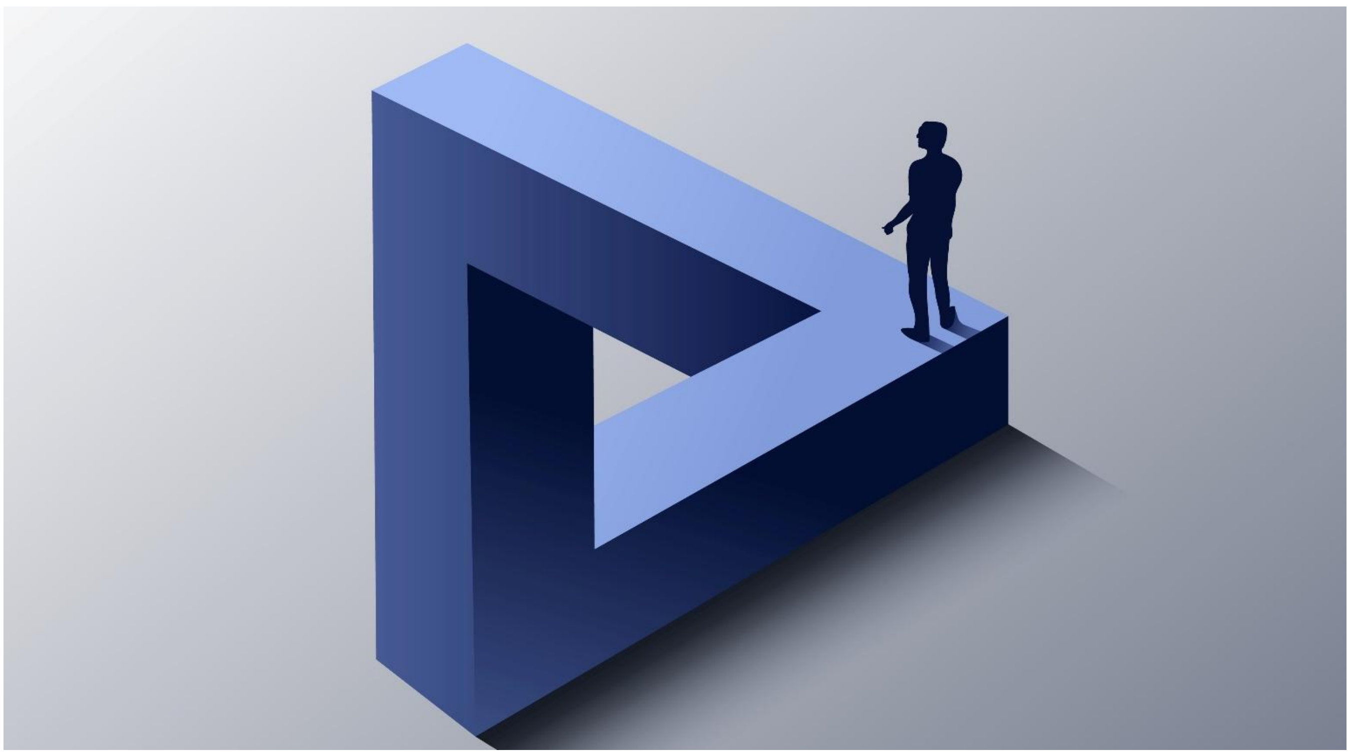
CROSBIE

INSIGHTS | THE FOUNDER BLIND SPOT

The Blind Spot Every Successful Founder Shares

Why smart founders make bad sellers – and how the gap closes.

Crosbie & Company Inc. | September 2026



You built something real.

You know your customers, your market, and your numbers. You've navigated recessions, supply chain disruptions, talent shortages, and competitors who underestimated you. You've been negotiating deals for years, perhaps decades. So, when the time comes to sell your business, the instinct feels perfectly reasonable:

I know what this company is worth. I know what a good outcome looks like. How hard can it be?

That confidence is one of the most dangerous places a business owner can stand.

How the Founder Blind Spot Starts

Most founders begin a sale process with a number in mind.

They've heard valuation multiples discussed at conferences and over rounds of golf. They've seen competitors get acquired. Maybe they've even fielded an unsolicited offer or two. The business is profitable and growing, and they've spent 15 years building it. What more is there to know?

Psychologists David Dunning and Justin Kruger identified a pattern that appears across almost every domain of expertise: the less experience we have with something, the less equipped we are to recognize what we don't know. Confidence often peaks long before competence does.

Selling a business follows the same pattern.

Many founders approach a sale the way aspiring authors approach writing a book. They've spent years consuming great examples and assume producing one will come naturally. Then they sit down in front of a blank page and discover that reading novels and writing them are entirely different skills.

Running a successful company and selling one are different skills, too.

You've spent years creating value. Selling requires you to package that value into a compelling narrative, defend every EBITDA adjustment, anticipate buyer concerns before they're raised, manage competitive tension, navigate diligence, and negotiate documents designed by people who complete transactions for a living.

The peak of confidence often comes immediately before the moment real complexity reveals itself.

Where the Real Complexity Begins

Then the process starts.

A buyer sends over a diligence request list with 150 items.

The Quality of Earnings review begins adjusting EBITDA in ways that feel deeply personal.

Your lawyer starts discussing indemnification baskets, escrow provisions, and survival periods.

This is often where founders discover the difference between understanding their business and understanding a transaction.

That realization isn't simply anecdotal. Research consistently shows that unrepresented sellers struggle most in situations involving complexity and information asymmetry. They're negotiating against professionals who buy and sell companies every day without anyone on their side who does the same. A University of Alabama study of more than 4,000 transactions found that sellers without advisors received significantly lower EBITDA multiples than represented sellers.

What felt like a straightforward transaction reveals itself as a process unfolding simultaneously across legal, financial, tax, operational, and emotional dimensions. While you're responding to diligence requests, your lawyer is negotiating risk allocation, your accountant is debating working capital, and the buyer is building a case for why your business may be worth less than they originally offered.

The closing date you privately assumed was 60 days away is starting to look more like 6 months.

Every issue you resolve exposes another layer of complexity. And this is where confidence tends to evaporate.

> *"You see owners spending thirty years building exceptional companies and then they stumble through a home-baked sale exercise that doesn't give them the result they deserve. It's a waste."*
>
> *Colin Walker*
> *Managing Director, Crosbie & Company Inc.*

The gap isn't business acumen. It's transaction experience.

That's the gap that kills deals or leads to poor outcomes.

What Founders Understand by the End

What the Dunning-Kruger model doesn't get enough credit for is what happens next.

The gap isn't permanent.

Owners who make it through the process emerge with a much clearer understanding of what they were actually selling, why buyers cared about certain issues, and how transactions really work.

The working capital peg stops feeling like an attack and starts making sense.

Representations and warranties become recognizable as tools for allocating risk rather than traps designed to punish sellers.

The earnout you initially resisted may start to look like a reasonable bridge between differing views of future performance.

The process doesn't become easier; it becomes understandable.

The challenge is that most founders only climb this learning curve once in their lives.

The professionals around them climb it hundreds of times.

Good investment bankers do more than manage a process. They shorten the distance between where you are and where you need to be. They address the asymmetry problem. They help you avoid predictable mistakes before they become expensive ones.

The evidence is difficult to ignore.

Studies have found advisor-represented sellers receive acquisition premiums ranging from 6% to 25% compared to their unrepresented peers. Yet while most business owners view advisors as optional, the market's most sophisticated sellers do not. Private equity firms use M&A advisors in virtually every exit process. They understand something first-time sellers often don't: Confidence is not the same thing as competence.

What No One Warns You About

There's another consequence that receives far less attention.

Most owners focus on valuation because it's measurable. What they underestimate is the toll of dealing with everything else a transaction demands.

For many founders, selling isn't simply a transaction. It's the transfer of something that has occupied their thoughts every day for decades. It's the culmination of thousands of decisions, sacrifices, risks, and late nights.

The same blind spot that leads owners to underestimate the complexity of a sale often leads them to underestimate what comes after.

The consequences don't end on closing day. The Exit Planning Institute found that 75% of business owners regretted some aspect of their sale within twelve months of closing. In many cases, the issue wasn't price. It was preparation.

Preparation for the process.

Preparation for the transition.

Preparation for life after the business.

How to Know Where You Actually Stand

If you're thinking about selling, whether that's six months from now or three years from now, the most valuable thing you can do is honestly assess where you are.

Not where you feel you are, but where you actually are.

Talk to founders who have already been through the process. Start building relationships with advisors before you think you need them.

Because the Dunning-Kruger effect contains a warning that's particularly relevant to business owners: the moment you're most certain you don't need help is often the moment you're least qualified to make that judgment.

Your exit may be the most consequential deal you'll ever close.

The same judgment that helped you build your business should guide the decisions you make when it's time to sell it. Recognizing what you don't know is only the first step.

The next question is knowing who belongs beside you when one of the most important transactions of your life begins.