Summary

Payment Scenarios For Business Sellers

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In this interview with Dale Beaumont, Kerry Boulton, Australia's leading exit strategy advisor and CEO of The Exit Strategy Group, discusses key considerations when selling a business. She highlights that while the ideal scenario for a seller is to receive a full cash payment and exit immediately, this is rare. Buyers often want the seller to stay involved due to the intellectual property tied to them. In many cases, a portion of the payout may be linked to the future profits of the business through an "earn-out," which keeps the seller connected to the business for a period of time.

Boulton also explains that sellers may receive part of their payment in stock, especially when dealing with publicly listed companies. However, shares are often "on ice" for a period, meaning the seller can't sell them right away. In some cases, private equity buyers may offer a deal where the seller retains a small percentage of ownership, allowing them to benefit from future business growth without needing to stay involved in day-to-day operations.

Boulton stresses the complexities of earn-outs, especially for sellers who have been used to calling the shots, as they now have to report to someone else.