Summary
Understanding Exit Strategy Terms—Business Blueprint Interview

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In this interview, Kerry Boulton, Australia's top exit strategy advisor, discusses key considerations when selling a business. She highlights that the ideal scenario for a seller is receiving full payment in cash and walking away immediately. However, this is rare since buyers often want the previous owner to remain involved, particularly if the business's intellectual property is closely tied to them.

Boulton explains earn-outs, where part of the payment is tied to future profits, and the seller stays involved to help achieve those goals. She also covers other terms, such as receiving shares in the acquiring company, which can come with restrictions, like not being able to sell them for a certain period.

Private equity buyers are another option, often allowing sellers to retain a small equity stake while unlocking most of their wealth through an initial cash payout. However, private equity groups tend to bring in new management, meaning sellers are usually phased out.

Overall, sellers need to carefully negotiate terms such as payment structure, earn-outs, stock options, and involvement post-sale to ensure they get the best possible outcome.