A Westlake Securities POV:

The Modern Liquidity Playbook: 6 Options Every Middle-Market CEO Should Know

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INVESTMENT BANKING

Capital Raising | Growth | Mergers & Acquisition

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Introduction

When CEOs say, "I'd like liquidity," it usually gets translated into one thing: "Let's sell the company." But at Westlake, we hear that differently. What you're often saying is, "I've built something valuable. I want to take some chips off the table, reduce risk, and gain optionality—without necessarily walking away."

And for that, there's a much broader playbook than most investment banks acknowledge. As **Matt Andersen** writes in his book, **Completing the Deal**, "Liquidity comes in many forms—not just exits."

Let's explore six real-world options for middle-market CEOs who want liquidity without defaulting to a sale.

1. Minority Recapitalization

(aka “a partial exit without exiting”)

A minority recapitilization (or recap for short) allows you to take money out of the business while keeping control. You can sell 10 to 40% minority equity—or raise debt to fund a distribution—all without giving up control of your cap table.

Best for: Founders approaching but not at retirement, looking to grow, or looking to diversify wealth while still leading the business.

“When things are going well, it's wise to take some chips off the table — not because you're giving up, but because you're playing smart.”

2. Structured Equity

This hybrid of debt and equity gives you flexibility—without immediate dilution or principal and interest payment pressure. It's custom-built for companies with growth opportunities but uncertain timelines.

Best for: Companies in transitional phases—new markets, product launches, or leadership shifts.

3. Management Buyout (MBO)

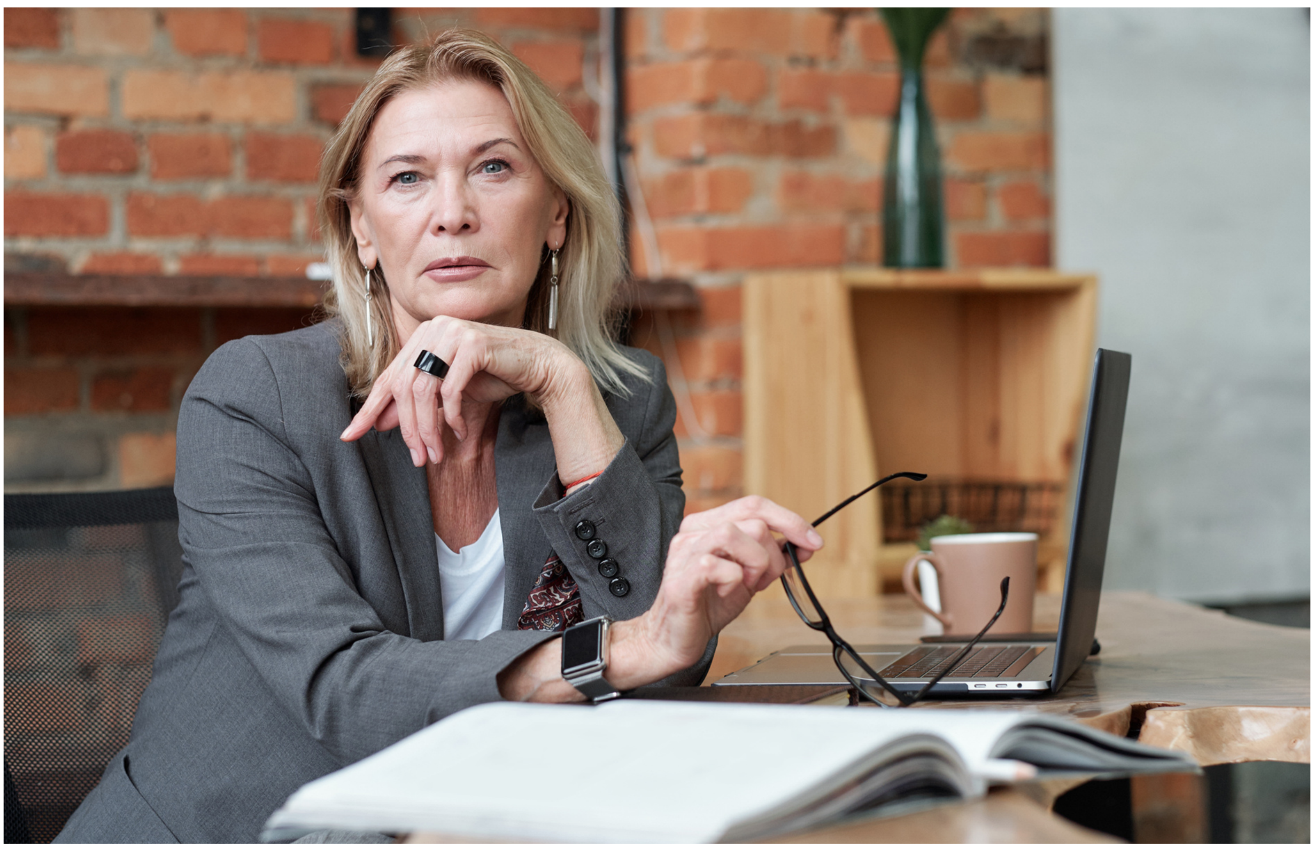
Sometimes the best buyer is already inside the business. An MBO lets your leadership team or internal stakeholders buy you out, often backed by debt or a private equity sponsor.

Best for: Succession planning, multi-founder transitions, or quiet exits that preserve continuity.

4. Debt Dividend

Utility debt to recapitalization for shareholders. Used wisely, this creates liquidity and keeps the business intact.

Best for: Stable, cash-generating companies with low leverage and a need to diversify ownership holdings.



5. Divestiture or Carve-Out

Rather than sell the whole business, selling a non-core division or asset—freeing up capital to reinvest elsewhere or return to shareholders.

Best for: Founders looking to sharpen focus, simplify operations, or unlock trapped value.

6. Full Sale

Sometimes, the best liquidity strategy is a full exit. But when it is, it should be because it aligns with your personal and professional goals—not because you didn't know you had other options.

Best for: Owners ready to transition to a board role or ultimately retire, pursue new ventures, or capitalize on market timing.

In Conclusion

Too often, investment banks view “liquidity” as a one-way street: sell or don’t sell. But the real world is more nuanced—as you and your company’s objectives evolve.

At Westlake, we specialize in helping CEOs explore the full set of liquidity options before deciding on any one path. Because once you understand the playbook, you make better strategic decisions.

“Strategic optionality isn’t about predicting the future—it’s about being prepared to act decisively when the decision point arrives.”

-Matt Andersen

Resources

Transaction Readiness Assessment

Request a **Custom Complimentary Industry Report**

Request a **Meeting Time** with Our Team

Contact

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Source: Completing the Deal