

How Do You Find Strategic Buyers— Business Blueprint Interview



TheExitStrategyGroup.com.au/Media

Dale Beaumont:

Kerry Bolton is Australia's most respected exit strategy advisor and CEO of the Exit Strategy Group. Welcome to this week's segment.

What else can you tell us about how well, how do you find these strategic buyers? Because we were as opposed to just another, you know, just a husband or a wife or couple, whatever, they just want to buy a business to, you know, kind of have a job, you're really looking for someone who's seeking not just to run the business but also looking for the strategic value, right?

Kerry Boulton:

Sure. Okay, a really good way is to go around and ask some of your, for instance, your relationship with some suppliers that you might have. Ask them when they're going to other businesses that are not in your industry, but different industries, who their customers might be. Who could you chat to that might have complementary services that you could potentially incorporate into your business? You can flip it around a little, so that you're basically doing a bit of spy work.

Dale Beaumont:

Yeah, okay. Go out and tell them, "I'm selling my business. Who do you know?" So how do you phrase it to them? Just explain that one more time.

Kerry Boulton:

Yeah, you could just say, if you're going to one of your suppliers, for instance, let's take the cleaning business. You might be purchasing some vacuum cleaners and those sorts of things. Just ask them what other businesses they work with who might be looking for your type of services. You'd be surprised who they know. It's really about having those sort of confidential but general discussions. That's one way of doing it. Another way is, of course, just to sit down and brainstorm. Sure, you've got friends that you can take into your confidence. Most people do. You might be able to sit down with your friend and simply brainstorm who might be a complementary business that we could put on our list of potential buyers.

Dale Beaumont:

I've heard experts kind of say, asking yourself the question, "Who can make more money out of my business than I can?" For example, if you sold it to a company that has 100,000 customers, and you only have 2,000 customers, they would make more money by taking your products and services and selling them to their larger customer base, correct? So you're trying to really package up an opportunity where someone else can make more money than what you can, so they pay you a better price.

Kerry Boulton:

Correct. And that may well be a competitor. In that case, yes, it could well be a competitor. So it could be a larger competitor. You could talk to your suppliers, see who they know. I've also heard, I don't know necessarily how you'd find these, but I have a friend of mine that sold her catering business to a company from the UK that was looking to expand into the market.

Dale Beaumont:

So how do you find other international players that are looking to get in?

Kerry Boulton:

Well, the other way of doing it, of course, is to put an ad on Craigslist. Yep, it's as simple as that. You should do that without breaking confidences and just putting out an opportunity that you could describe. If you're looking for international buyers, you might find you can go to these big internet trade shows. Because if you have an industry trade show and all the big players are there, you can pick up business cards and network with them over there.

Dale Beaumont:

Absolutely. Any other ways to find buyers that you want to share?

Kerry Boulton:

You could also be thinking about your own customers. They're another great source. It could well be that your buyer could be among your customer list without a doubt.

Dale Beaumont:

And I know that in certain countries, there are special visas for people wanting to immigrate, and they have to pay a certain amount of money for an actual business. So talking to immigration companies is also another way to go.

Kerry Boulton:

Yes, it is. And because those companies that assist people with that business migration, understanding what the true motivation is too. The buyer will have a different agenda to you as the seller. They'll have a completely different agenda. So you really have to get into their heads and think the way they think, which is probably why it's such a good idea to do this before you start talking to real buyers.

Dale Beaumont:

If you don't have a copy of Kerry's new book, *The Uncensored Truth About Exit Strategy*, please visit freeexitstrategybook.com.au.