

Plan Your Exit Strategy From Day One: Maximise Your Business Value— Business Blueprint Interview



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Intro:

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

Dale Beaumont:

Alright, let's now talk about when a business owner should start thinking about selling their business, and what kind of runway they should give themselves. Should they give themselves three months, six months, 12 months? What's the time frame?

Kerry Boulton:

Well, the best time was when they first started the business. But of course, we're well down the track from all of that.

Dale Beaumont:

So, when you're actually writing your original business plan, when you're setting it up from the beginning, you should know what your exit plan is. Because a lot of people starting out have no idea how it's going to end, right?

Kerry Boulton:

Correct. That's the biggest first tip there.

Dale Beaumont:

I just want to repeat that so everyone's got the message—when you first start your business, think about what you might want to do in terms of timing and strategy to get out of the business. What might that be, so you can set your business up to reach that goal? Just as you did with the freight business—that was exactly the plan.

Kerry Boulton:

Exactly. It's more a case of thinking about it and giving yourself time to actually put in place what you need to do. For example, you might decide you want to sell to a strategic buyer, but you don't quite know who that buyer might be. You have a range of potential buyers, so you position your business to be attractive to those companies that could see your business fitting strategically with them. That way, it's worth a lot more than if you were just selling it for a multiple of the bottom line.

Dale Beaumont:

That's a really important point—what's a strategic buy versus not? We'll cover that later in the interview. So, ideally, you want to know your plan from the very start, when you're getting into the business. But if not, the sooner, the better, right?

Kerry Boulton:

Yeah, absolutely. You need to know what the end game is.

Dale Beaumont: So you could give yourself a three-year runway, a five-year runway, or maybe a 10-year runway, depending on your time frames?

Kerry Boulton:

Correct. It's not something you do at the end. It's something you do along the way if you want to maximise the value of your business.

Dale Beaumont:

Absolutely. So, give yourself at least two to five years, if possible.

Kerry Boulton:

And if you're always running your business as if you're going to sell it, then if something comes along that causes you to change plans, at least you're in a position to get out of it and get something back.

Dale Beaumont:

Fantastic. Planning is key, right?

Kerry Boulton:

Absolutely.

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