

Should You Try To Sell Your Business Yourself—Business Blueprint Interview



TheExitStrategyGroup.com.au/Media

Host:

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:

All right. Another question: should you try to sell the business yourself, or should you list it with a business broker? What would you recommend?

Kerry Boulton:

I would not recommend selling it by yourself. At the negotiation stage, you might prepare your business and identify potential buyers to invite offers. However, you should never get involved in the negotiation process yourself. It is the worst place for you as the business owner. You definitely need a business broker to handle this. In fact, when selling your business, you should assemble a team to assist you. This team should include legal professionals, an accountant, and a business broker.

Dale Beaumont:

So, what other members might you need on your team?

Kerry Boulton:

Besides the essential team members like legal and accounting professionals, I would also recommend having a mentor. This could be someone like me, specialising in exit strategies, or someone from your network who has been through the process before and understands what it's like. You need someone to talk to who can provide guidance. Additionally, you'll likely need a financial planner to help with managing the proceeds from the sale.

Dale Beaumont:

Can you explain the role of a financial planner in this context?

Kerry Boulton:

A financial planner helps determine how much money you will need after the sale. One useful concept is the 4% rule. This rule helps you understand how much capital you need to generate a certain annual income. For instance, if you need \$150,000 or \$200,000 a year to live on, a financial planner can calculate how much capital you need to invest to achieve that income. The 4% rule means that if you have \$5 million and earn a 4% return per annum, that's \$200,000, which could cover your needs comfortably. However, these numbers change based on your financial goals and the amount of capital you have.

Dale Beaumont:

So, having a personal mentor and a financial planner is crucial, especially if you receive a large sum of money.

Kerry Boulton:

Absolutely. Handling a large payout can be challenging. Studies have shown that people who suddenly come into significant sums of money, like lottery winners, can quickly squander it if they're not careful. The same can happen to business owners who receive a large payout from selling their business. It's essential to manage it wisely to ensure long-term financial stability.

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.