

Talking Business With Alan Kohler



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Alan Kohler:

This is Talking Business. Joining me now is Kerry Boulton, the founder and CEO of a business called the Exit Strategy Group. Kerry, thanks for joining me.

Kerry Boulton:

Thank you, Alan, and pleased to be here.

Alan Kohler:

Now, tell us why you started this—when did you start it?

Kerry Boulton:

The business officially started in 2012.

Alan Kohler:

Why did you use the word “officially”?

Kerry Boulton:

Well, I guess unofficially, I’ve been looking at the whole notion of business exits and thinking about what that’s all about. And that was basically my fifth reinvention. So having had a couple of businesses earlier on in my life...

Alan Kohler:

What sort of businesses were they?

Kerry Boulton:

They were not exit businesses at all. I had an international freight forwarding business, which I bought via a management buyout from Mayne Nickless, back in 1987. I was the general manager at the time—first female General Manager in Mayne Nickless—and I had to get investors to buy the business. I learned then about exit strategies. That was the first time I encountered an exit. And that was the plan initially, which was to exit somewhere between the five and the ten-year mark, and we achieved it at the nine-year mark. So that was terrific. Then I started a business in business coaching back in 1996, which I did for nine years before business coaching became the flavour of the month throughout the 2000s. And still is. I still advocate it. I was also involved with my husband in a very successful real estate agency, which we sold in 2007.

Then I did the mum thing, looked after the kids as they went through secondary school and university. When my husband unfortunately became ill with bowel cancer, it underscored the importance of having contingencies. After navigating all that, I decided, in my fifth reinvention, that I needed to do something else. I wanted to give back, having been heavily involved with the community. I saw a significant opportunity with the wave of baby boomer business owners needing to exit their businesses, as this was going to be a major transition of wealth over the next decade. The first baby boomers turned 65 in 2011, and the peak is in 2028, with about 8,000 people a week turning 65. This presents an enormous wave of baby boomer business owners needing to exit their businesses. The word “exit” can sound final, but there are many ways to transition from a business. I felt fortunate to have learned the importance of an exit strategy, something many don’t consider when starting their businesses. Sadly, only 20% of businesses listed for sale actually sell, even if they’re strong and

viable.

Alan Kohler:

So how do you manage a business for sale? What should you do differently?

Kerry Boulton:

Most people manage their businesses for profit rather than for value. While it's essential to be rewarded and take profits, managing for value means thinking long term. Consider how a buyer would view your business. Is it transferable? Often, much of the business is in the owner's head, with insufficient documentation and systems. These days, technology makes it easier to document processes than it was 20 years ago. Understanding how reliant the business is on you or key customers is crucial.

Alan Kohler:

I imagine a lot of what you do involves encouraging people to remove themselves from the business.

Kerry Boulton:

Yes, the business should operate without the owner. However, it's not always possible unless you give yourself enough time to structure it for future sale. Sometimes, a management buyout might be a viable option, though it may not yield the highest return. Private equity is another option, depending on the business's potential and market conditions. This involves bringing in an investor who can help grow the business.

Alan Kohler:

How do you charge your clients?

Kerry Boulton:

I charge an upfront fee for an evaluation, which is a neat process using the acronym EXIT. It costs about \$3,500 to evaluate the business, provide a benchmark valuation, and assess readiness for exit. After that, I work with the business owner on a monthly fee basis, which is flexible depending on the time required.

Alan Kohler:

Do you work on a percentage of the exit?

Kerry Boulton:

If I take them through to exit, yes, but I work closely with the right parties involved. Part of the process includes considering potential buyers who can add significant value to the business. A strategic sale can be worth more if it adds value beyond just the sum of its parts.

Alan Kohler:

Do you get involved in brokering the transaction?

Kerry Boulton:

I'm not a licensed broker, though in Victoria, a real estate agent license is sufficient. However, I help facilitate the process.

Alan Kohler:

You have a book titled *Million Dollar Payday: How to Get Rich and Get Out*, published this year. What are the key points?

Kerry Boulton:

The book covers understanding what drives your business, getting an accurate idea of its worth, and preparing it for sale. It's important to be always ready for transition. As Kerry Packer said, always have your business ready for sale because you never know when an opportunity will arise. Additionally, thinking about life after business is crucial. Many retirees struggle with a lack of purpose. It's essential to plan for what comes next after business.

Alan Kohler:

Do you help people plan for life after business?

Kerry Boulton:

Absolutely. While there are only so many games of golf or cups of coffee you can have, it's important to decompress initially but then plan for what's next. A life without purpose is no life, and many retirees, especially men, face challenges if they don't have a plan for life after work.

Alan Kohler:

You've reinvented yourself multiple times and stayed active in business. It's been great talking to you. Thanks.

Kerry Boulton:

Lovely talking to you too, Alan. Thank you.

Alan Kohler:

I've been talking to Kerry Boulton, founder and CEO of the Exit Strategy Group.