

# Team Guru With David Frizzel Interview



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**Announcer:**

You're listening to the team guru podcast bringing to life the theory and principles of leadership.

**David Frizzel:**

Welcome back to the team guru podcast. My name is David Frizzell, and we're about to launch into our first interview episode of the year. Over the summer, we had a couple of special edition episodes, some compilations of a few of the best bits from conversations I had in 2017.

The first of those compilations was all about leading your team's empathy, intelligence and intuition. And just a couple of weeks ago, in Episode 71 we discussed why the ME TOO hashtag will change everything in 2018 if you missed either of those episodes, I suggest you put them on your list and give them a spin, well worth your while.

But I want to start this episode by asking you a very serious question, why are you in business? What's your plan? I'm guessing that your plan is to keep bringing in business to be secure financially. Perhaps you're working really hard to grow and expand and all that's terrific. It's the stuff every business owner spends their time thinking about.

But the real question is, what's your exit strategy? Chances are you're the number one investor in your business. Perhaps you're the only investor, and as a responsible investor, you should be thinking about how you're going to get your money out eventually. The reality is, most of us don't think about that. Most of us are just working really hard to get along in business and in life.

Well, lucky there are people like today's guests to help us think a little bigger. Kerry Boulton is a serial entrepreneur, and she's just recently written a book called Million Dollar payday, how to get rich and get out in the conversation you're about to hear, Kerry outlines the things that have to be true for your business to be worth something to other people, to be worth buying. Imagine being able to build your empire, make it worth some real money on the market, and then sell it.

Think of the options you'd have in your life. You could hit the beach or the golf course, spend more time with your family, or you could do it all again in search of the next big day. Well, Kerry has done exactly those four times and counting, and she's here to tell you how to do it too. I hope you enjoy my conversation with Kerry Boulton.

Kerry Boulton, it's so nice to have you on the podcast.

**Kerry Boulton:**

Thankyou so much. It's wonderful to be here,

**David Frizzel:**

Kerry, you have written a book with the very alluring title, million-dollar payday, how to get rich and get out. I'm going to ask you perhaps the most obvious and perhaps even a little grotesque question by way of establishing your credentials, have you indeed had your million dollar pay?

**Kerry Boulton:**

Yes, actually, it's not a difficult question to answer. That was way back in 2007 for the that's when the multi million dollar one came along, which was pretty good, I have to say.

**David Frizzel:**

I bet it was so you walked out of a business that you had grown and sold with a whole bunch of dollars in your pocket, probably the amount of money where you could have looked back and thought, Well, that's it. I am living the high life now and never going to work another day in my life. You could have done that.

**Kerry Boulton:**

I would like to say that that was the case. We weren't quite there, but it wasn't, you know, it was a couple of million dollars. And even in this day and age, a couple of million dollars doesn't necessarily see you out for the rest of your life when you've got growing children and households and all the rest of it to look after. You know, there's lots of things to do with your money.

**David Frizzel:**

Especially with school fees, yeah?

**Kerry Boulton:**

Yeah. But a good payday nonetheless.

**David Frizzel:**

Look, that's great, because people are going to see the title of your book and start reading it and working out what it's all about. And they're going to think, well, listen, this is pretty cool concept. Who wouldn't want that? But has this lady done it? Has she walked the talk? And it's nice to hear that you have. I really enjoyed your book, Kerry, and it's something that we don't think about. You know, business owners are famously busy, whether it's just getting their idea off the ground or coping with the trials of rapid growth. Should they be so lucky or struggling to get business through the door? They famously have so little time for anything else in their life that you're suggesting amongst all that business, they should also be thinking very carefully about their exit strategy.

**Kerry Boulton:**

I certainly do. And I think I was very fortunate when I reflect on it now, when I bought my first business, which I did as a management buyout back in 1987 and I was general manager of a business that was a division of Mayne Nickless . And in fact, a lot of our listeners today probably don't even know who that is anymore, because, yeah, well, it's morphed into main pharma these days.

It's a publicly listed company. Well publicly listed even back then. But the thing that I had to do when this opportunity came along was to put together a plan to get some investors, and I went along to a wonderful mentor who said to me, Kerry, you write the plan, and if you can convince me, I'll help you get the money together, because my husband and I had, you know, two pieces of white bread to rub together. So, I had to go about writing, writing this plan to get some investment. And I really had no idea how to do it, but I happened to see an ad in the newspaper for a book that was just being released from MIT, Massachusetts, Institute of Technology over there in Boston, and it was called How to Write plans that win dollars for years.

So, I sent off for the book. Which of you know, back in 1987 it wasn't a case of emailing. You had to send off. You had to pay for it on credit card and wait for the two weeks for it to arrive, etc, etc. And when I when it came and I read it, one of the most important sections in the book was, if you're going to get investors, you must be able to tell them what the plans are for them to exit the business.

So that's when I first learned about having an exit strategy back then. So, you have to pitch it. And in fact, if there are listeners who have watched Shark Tank, you may recollect that that's one of the issues that comes up frequently, is, well, I'm going to invest in you, but how am I going to get my money out?

**David Frizzel:**

Yeah.

**Kerry Boulton:**

So who's the most important investor in your own business?

**David Frizzel:**

Yeah? Well, that's me

**Kerry Boulton:**

Correct. So how are you going to get your money out?

**David Frizzel:**

Yeah, yeah.

**Kerry Boulton:**

And for a lot of people, the thought is that we're just going to work in it, right? We're just, we just want it to be almost like a job. We just want it to pay us a salary, put food on the table, pay the mortgage and have an income from it.

And in fact, that's by and large what happens with a lot of businesses. So, to make the business valuable to someone else, is all about having some transferability. So, if you can have it so that your business can run without you, then you've got something that you can move on and sell. You've also got a great business that's going to be able to create a fantastic lifestyle for you, so that you know you're just not there every day working from dawn till dusk, but you've actually created a lifestyle out of your business so that you can go and enjoy the fruits of all that hard work. So, it takes a while.

**David Frizzel:**

Is that one of the major mistakes that business owners make now, they start off with themselves and their own skill and knowledge, whatever it is that gets them started, and they make themselves so important to the everyday running of the business that what you're talking about becomes not even part of the thought process, because they are the business. The business does not run without them. Is that up there with the number one errors?

**Kerry Boulton:**

Totally, absolutely up there with the number one mistake and part and parcel of all of that is that they think that they are the only one that can do it, when, in fact, that is so wrong. Yeah, one of the reasons that that is the case is that they just don't stop to think about creating systems and documenting the processes, which, you know, in this day and age, there's no excuse for not doing that. It is so easy to be able to do it with the technology that we have at our fingertips now. So, we don't have to sit down and write out, you know, flow charts by hand. You know, who type up all these processes. You can easily capture that information through little videos and, you know, screenshots, and upload

to straight to cloud system. And there's a firm that I've been working with that I suggested to them, where their service manager, who was key to the business. Who was a bit like that, he just would not let go, because he had all this knowledge in his head, and he knew everything, and he was really good, really, really good. But the worst, the business value was half that it could possibly be, because everything resides in his head. So, the easy way to do it is when you're out on a service call, you take your camera in your phone and you simply record what it is that you're doing, and all of a sudden, you know, within a couple of months, you've got this great catalogue of information around how to fix certain things. I mean, those that's not hard.

**David Frizzel:**

Yeah.

**Kerry Boulton:**

You're creating a standard operating procedure that you know, and you could even you know in this day and age, as you talk about one of the things that I love in this world is Upwork, where I get people to do the jobs that I don't want to do, and there are people all around the world who do it much better than I could ever do for a really small amount of money. So that's another path that you could follow, if documenting the way your business runs is one of the barriers.

**David Frizzel:**

Early in your book, Kerry, you talk about the reasons for having a business, and these really resonate that they will resonate with everyone. it's to be in your business long term and do what we talked about before, where it is your income, it's essentially your job. You want it to put food on the table. It's nice to have your own business, because you sort of get to work in what is your passion or your skill, but essentially, you're in it for the long term. Or you can have a business that you plan to you start thinking about leaving it to your kids so they can run it. It becomes a family business, and they will inherit it.

Then perhaps you structure it so that while you're still alive and the kids are running it, you're getting some income. That's another way to do it. You can make it a well. You can start thinking and starting to think big, as you talk about you can make it a lifestyle business and then sell it for retirement. Now that'd be nice. Most of us imagine we'll have to walk away from our business when we stop working in it. So, this whole idea of being able to sell it for retirement, that's pretty cool.

This is really thinking big, thinking entrepreneurial, selling it, sorry, growing it and selling it. So, then you can do other things, whether that's just kick back and enjoy all the cash you've made, or move on like you have to your second and third and I believe you're onto your fifth business now. So, you've bought, you've grown and sold four businesses before, the one that you're running today that's thinking big.

**Kerry Boulton:**

I call it my fifth three invention, and I think that. I'm, you know, I'm a baby boomer. I've just turned 65 so, you know, if you can do that through your life and keep yourself vital, I think it's really fabulous to be able to do, you know, I feel blessed in that regard. So, I'm really concerned about the number of baby boomers as well, like, who are business owners now?

**David Frizzel:**

You made that point in your book, and it was such, when you, when I read it was like, Yeah, wow, obviously, because that's the bubble in the demographic, isn't it? They are a huge population at around about that same age, and they're starting to think about selling now.

**Kerry Boulton:**

They are, and the thing that needs to happen for people is to be able to give themselves enough time and start not saying, well, I need to be out of my business in a year from now, or I want it. Well, they can. They can think that, but they're not really going to be able to probably give themselves the best chance of getting the most that they possibly can for it if they're planning to sell it.

But there's, you know, as you've just already mentioned, and that I have in the book, there's quite a few options. You know, you don't have to sell your business, but you regardless, you want to make it as valuable as it can possibly be, of course. But then there's the other side of it as well, and this is where I've really noticed, in particular, with those who've moved on sometimes from their business, if you need to really think about what it is that you're going to do after because you're really your lifestyle changes a lot. Yeah, you know, and there's so many cups of coffee that you can have, and so many rounds of golf that you can play whether it's a half day Energizer session or a comprehensive team and Leadership Program Team Guru's unique approach could be just what the doctor ordered for your organisation.

**David Frizzel:**

I love this topic, Kerry, because I hear so often that, Oh, be careful. When you retire, you know is it's a big change, or when you sell your business, I have this belief that I would have zero issue in the world being able to fill my time without working another moment in my life. But you say in your book that that's actually not true, and you've really got to think about it. Am I crazy? It's thinking that I could easily fill the rest of my life joyfully, or is it a real thing that we need work to sustain us?

**Kerry Boulton:**

What we need is the purpose. That's what it is now, whether that is going on and you have a great family, you have grandchildren who are going to keep you occupied, whether you have some volunteer work in the community that will keep you occupied, but it is around having some other purpose, some other purpose.

**David Frizzel:**

I heard a fantastic interview the other day with a 91 year old woman who, at the age of 76 took up race walking. I mean, how fantastic is that she has a purpose.

**Kerry Boulton:**

That's exactly what it's about, really having a purpose, and unfortunately, statistically, and I'm sort of being a bit broad brush, I suppose, with this, but it is fairly well known, and men in particular, that after about five years, they're often really quite depressed. Or, if, you know, if you haven't really thought about creating something that you really do want to do it, and, you know, travel, whether it's travel or, you know, just even a hobby, having that, yes, the best garden that you can possibly have, but it is giving it some thought, and not just sort of ambling around and wondering what on earth you're going to do tomorrow? Because there's a lot of there are a lot of minutes in a day when that is the case.

So, this thinking, this idea of thinking big, and I believe that even that concept is a real step for most business owners who are, just as I said earlier, caught up in the day to day busyness, of being busy and being a business owner, for them to think that, Hey, maybe I should grow this thing. I mean, of course, we all want to grow it because that means more income, but maybe I should grow this thing with a view to selling it. And maybe I won't wait until I retire to sell it. Maybe the right time to sell it will come along long before that, and it will be a case of me then moving on to my next enterprise and doing it again.

**David Frizzel:**

You make this really good point in your book, that of the businesses that are put up for sale, only 20% are really viable. There's 80% of these businesses that are just not buyable. The people, no one's going to come along and want to buy it. What's the difference between the 80% and those valuable few?

**Kerry Boulton:**

Well, it's some of the things that we've already talked about, which is having a business that's transferable. So having your systems and processes documented, having some potential as far as the business goes, especially as well. Have you ridden the business over the top? Has the business started to decline, and you've just had enough, you want to get out? And there are things that, in the book I talk about, I call in the dastardly D's, that's anything that can cause, you know, any sort of unplanned or unexpected exit, say, from your business, that can pop up. Well, those are you can be forced to sell your business because suddenly you have some illness that's appeared, or you've got a dispute, you know, you might have amongst owners, for instance, or, or there's been, you know, something else awful has happened when I had my first business in the freight business, our one of my investors was suddenly diagnosed with liver cancer, and it took him very quickly, like three months and he was gone, which was just awful. And we had no idea at the time the impact that that physically had on our business in the sense of stopping the bank actually froze our bank accounts because he was a signatory.

These sorts of contingencies do happen that, and you have to plan for those. But in terms of being able to sell the business, you've really got to be able to have something that you can present in the best possible light. And I, I think one of the great analogies is using a home. So, if you're going to sell your home, what are you going to do to the home? You're going to make it the best presentation that you can possibly muster.

**David Frizzel:**

Yeah

**Kerry Boulton:**

Well, the same thing applies to your business. You know, you need to be able to do that. So, looking at, you know, obviously, having some really good, strong financials, not with your bookkeeping all over the place, and two to three years of historically strong financials, being able to understand where your market is, where the growth is. It's about painting a bit of blue sky for a potential purchaser. What about are you reliant, well, on anyone, not only just you, the business owner, but how reliant are you, perhaps, on any key employees, or any key suppliers, or any key customers for that matter. So, looking at being able to make sure that you've got some balance and some spread with cash flow.

Are you, all the time, scraping for the money, or have you got really good cash that's actually in the business that will be able to be used for other things? And then records of customer service. Today's social media, you know, presence is one that allows people to look very quickly to see what you're like so and what your customers think of you, correct.

**David Frizzel:**

Yeah

**Kerry Boulton:**

So you better make sure that you're very much on top of that. Look, one of the other key things too is recurring revenue. Do you have anything? Is there a way in the business that you can generate revenue that you don't that it's not like that? You have to go out and chase all the time, like subscription businesses, and, you know, automatic charges and that happen regularly that you can't you have your client, your customers on, is that, you know, have you got the these are really key value drivers in a business. And so, if you give yourself enough time to actually position your business. To take advantage of all of these areas, then you're going to present the best possible opportunity that you can for someone else.

**David Frizzel:**

Those dastardly D's you referred to Kerry the declining sales, dissension amongst owners, disinterest, death, divorce, disability, disputes, disaster, debt, disease and distraction. It's a great list. It's a terrible list, but I really it is a shocking list. Hey, I really like the house analogy. And you know those homes selling shows are on TV all the time. My wife loves them, so I'm exposed to them more than I'd like. You see, sometimes people putting up a house for sale that is not neat and tidy, people who see you, you just sit there looking at the TV thinking, how clueless. Are you trying to sell this house? You're going to lose 10s of 1000s of dollars just because you haven't bothered tidying the place up.

I bet businesses, or people who are trying to sell businesses are a bit the same. I'm assuming that it's those really lovely, neat and tidy businesses that have their books in order. They have HR issues all in ducks in a row. They've got their processes documented. They've got their customers all happy and chirping, just like the equivalent of a house doing what you do. Kerry, you must have seen some shocking businesses up for sale. Give us a horror story.

**Kerry Boulton:**

Ah. Yes

**David Frizzel:**

If you can name names Kerry, that'd be even better.

**Kerry Boulton:**

I don't think I should do that. That's not going to that wouldn't be fair. But look, I think really where the it's not so much the horror as more a case of unrealistic expectations. Clueless, basically, yeah, just clueless, thinking that you can have just put an ad in the paper and someone's just going to come along and snap it up. Pay, yeah, exactly. Pay gazillions for it. But if you don't do the sorts of things that we've talked about already, then you're not going to have an opportunity to really sell it for anything like the money that you really want for it, or even sell it at all.



The other thing I think that's really important too, is, how well do you market your business? What's your marketing system like? And these are the things that I think are really sad. This is not a business, actually, that I have personally been involved with, but it just, it's a little cafe that's around the corner from another client, who's a much larger business, but they've just had to sell the business because they've just lost so much money, and it's so would have been so easy to fix it as a very small business, as a cafe, I know the owner actually paid close on \$800,000 for the business, and in 12 months, he's lost all of that money, yes, and he's, he's now just met, he has actually managed to sell it, and it's largely only for the fixtures and fittings which he will never recover from that financially.

**David Frizzel:**

Well, he's going to the farm, basically,

**Kerry Boulton:**

Yes, exactly. That's what it's boiled down to. But it's not hard to fix businesses like that with some pretty simple marketing processes, create a system that reaches out one of the he's a sad case. Actually. That is a very sad case, and I think he's really only sold it for just as I said, the cost of the fixtures and fittings, which another local business near me, the new owner came along, and this is a few years ago now. It had been run down.

It's a cafe restaurant, and Sam, the owner, one of his staff, said, oh, you should speak to Kerry. She knows how to help you get the business going again. So, we sat down and we had a conversation. And as I said, this is now about four or five years ago, and we just had a look at the numbers in the business. He bought the business for a bargain, I have to say, but we had a look at the numbers of what was the average dollar sale, what was really selling, and where were the opportunities to actually create a point of difference in the strip that he was in. And we figured out that if we could improve the average dollar sale by just \$1 and get people coming back twice a week instead of just once a week, we could more than double the profitability in the business. In fact, it was a huge increase in the profitability. So we something so simple.

We said, right, it is licensed. Let's I said to him, let's have a happy hour. So we drew up a poster and it went into the window. We said, \$5 drinks between five and 7pm as a happy two hours. Yeah, and without a word of a lie, within a month, the place was jumping absolutely incredible. Just got people through the door. That's all it was. And of course, obviously, you've got to back it up with good service, good food and all the rest of it. That's a given. But, you know, that is such a simple little strategy. And it took over other competitors in the strip who, you know, there are about four or five of them. It took them nearly, nearly two months to figure out what was going on.

**David Frizzel:**

Where'd he come from?

**Kerry Boulton:**

Yeah, exactly. But now they all do it, but they got the jump, yeah. You know, it was sort of the first mover. So, you know, doing things like that, thinking about the systems that you have in place for marketing, especially, and I think that's one of the biggest areas in small business, particularly, that is really, really lacking marketing, sure, yeah, marketing, yeah, having a really good marketing system, having a client database, they don't keep a proper client database. And you know, as I said before, with the technology that's available to us today. There's just no excuse for it whatsoever.

**David Frizzel:**

Kerry, in your book, you outline five steps that everyone can take in their business to jump ahead of the pack. We talked about the fact that 80% of businesses that are up for sale, no one is ever going to buy in their right mind, what are the five steps that I can take in my business to make sure I'm in that 20%

**Kerry Boulton:**

Well, number one certainly would be to make sure you've got all your financials in order.

**David Frizzel:**

What is the most important thing?

**Kerry Boulton:**

Okay, that means, if somebody comes in and wants to really know how the business is traveling, make sure that you can present your last three years tax returns, you know, and that you can lay your hands on them straight away. Who can't do that? A lot of people, really, people who are busy running a business, people who are busy doing stuff, fixing taps, making things,

**David Frizzel:**

Yes, yeah, absolutely correct.

**Kerry Boulton:**

So make sure that you've got your accounts up to date, that you can lay your hands pretty readily on that paperwork, that it is up to date. And again, there's no excuse for that anymore, with the beautiful systems that are available to us with Xero and QuickBooks, or it's quickened these days, you know, they've changed a little bit more. So, yeah, I mean, there's no excuse for not having that at all.

**David Frizzel:**

So, financials in order. That's number one

**Kerry Boulton:**

Absolutely have your financials in order. Do you have your customer list handy? You know, is it all what I was talking about before, having a proper client database? You know? Do you have that at your fingertips? Can you identify who your key customers are and how much they're actually worth to you as a in the business, if you happen to be in a cafe type business, if you had that information on who your clients are, you would be so far ahead of everybody else that you just blow everyone out of the water.

So, someone who's in the market to buy a cafe, they're going around looking at all these bunches of cafes who do not have any client database at all, because it's pretty unnatural in a cafe, if you're the one Cafe who does, then you're going to jump out at that potential buy.

**David Frizzel:**

They're going to go for you

**Kerry Boulton:**

Absolutely, yeah, you know. And know that what do they can do to actually connect to that particular

database and generate more and more business, you know, by coming up with some really good promotional ideas and what have you, rather than just putting it out on a sandwich board at the front. And of course, you can use your own social media in that regard as well.

**David Frizzel:**

How does a cafe owner get my phone number, though I've been going to the same coffee shop for a number of years, and then they know my first name, and they would have no idea what my phone number is or where I live.

**Kerry Boulton:**

Well, the first thing I could do is ask you, yeah, I probably would give it to them, given that I know them.

**David Frizzel:**

Yeah, sure, exactly.

**Kerry Boulton:**

So, you know you could have something. You could just be as plain as saying, Look, we're going to put together a few promotions. Can we get your phone number and so that we can let you know what we're up to? Can you fill this in, please? Or maybe you could run a little promotion that says, to go into the draw for three month's worth of coffee, you know, fill in this information, yeah, and grab it that way.

**David Frizzel:**

Yeah.

**Kerry Boulton:**

You know, there's 100 different ways and that's a great strategy, because that'd cost them a couple of 100 bucks. I might drink a couple of 100 bucks of coffee in three months, but they've got everyone's phone number for it.

**David Frizzel:**

That's good. All right.

**Kerry Boulton:**

Good so, number one, financials. Number two, customer list. Have

your customer list really, really ready and up to date? The third thing would be, it's what we've already talked about. What are the really important system? Systems that need to operate in your business that you have. Have you got those documented? Have you got your H, you know, is it HR? Have your HR systems already there at your fingertips as well? You where you can find them that everybody knows about. Do you have a process for when new employees come into the business. Think McDonald's, you know, think about what they do and how they actually train people. Have you got those systems in place to be able to make life easy for the next person to be able to take over again? Very impressive for a potential buyer to see that kind of information?

**David Frizzel:**

Yep, absolutely, totally.

**Kerry Boulton:**

Then the next thing really would be so your what is it that makes you different? Can you articulate that? Can you prove it? What is it that is really making you different, that will bring a potential buyer to the point of saying, Yes, I want this business. So that's about having a unique selling proposition. You might have heard that expression before, I'm sure with in many of your other podcasts. So what is it that makes you different?

I think that's the first one where people who are listening right now saying, yeah, cool, I can, I can get my financials in order. They're not a mess, but can I get new customers this year. I should do that. I've been meaning to do that for ages. The systems, yeah, there. You know, I could probably tidy them up, and I certainly need to document them, but I can do that. But when you hit number four and you say, what makes me different? Let's say I'm a plumber.

I've been working for 30 years. I go flat strap. I've got great customers. I'm always busy, and I don't want to just retire and sell my van. I want to sell my business. But what makes me different. I'm just a good plumber. I mean, I'm nice to my customers. I turn up when I say I'm going to turn up, I'm better than a lot of plumbers just from doing that. But there's nothing that makes me different. I'm just an experienced plumber who wants to retire?

Well, there must be something, because you wouldn't keep getting business, yeah, if you weren't doing something, that's better.

**David Frizzel:**

That's a really good example.

**Kerry Boulton:**

I'm sure we've all had a plumber come to us at some stage or not come. What is it or not? Exactly, this is the these are the things that can make you really stand out from the crowd, and that is in that type of service business, first of all, turn up. When you say you're going to turn up, that's a point of differentiation. I can't sell that to you though. I can sell you my customer list and my van and my name, that you can create it as part of your culture and have it systemised so that that is what people do. It becomes your culture, which is the way we do things around here.

I'll give you an example. I have some really big glass doors at home that I have serviced every six months. The people that they ring me. I've signed a service agreement, and the people ring me and say, we need to come. You're up for your six monthly service, and are you available? Blah, blah, we pick a time. I'm there. They turn up. They do the job. If they get caught in traffic and they're going to be late or their last job has held them up. They always, always, always ring me. They have never failed not to ring me, to give me notice. So that is a process that's been documented, and it's in their business. It's because it's the way they do things in that particular business. So, it's part of the culture.

**David Frizzel:**

So, you've got to find a way of bottling that. I was going to say I could capture that by surveying my customers. And if that company asked you, why do you keep coming back to us? You would probably tell them that story. And if I was a potential buyer of that business, I'd go, Hey, that's great. The staff here are responsible. They've got a terrific reputation with their customers. I'm buying a quality culture.

**Kerry Boulton:**

That's exactly right, and you've hit the nail on the head. If you if you have customer survey at least once a year, then you will be able to document, you'll be able to justify and prove that you have that reputation. That's what you can stand for. And you will have seen it many times as well, that people do that by offering testimonials, you know that people are happy to say that they've been delighted with what you've done and the way you've gone about your business. So, if you can prove that, then that's a great way to be able to increase the value in your business.

Even in that list, that list of things you've got to differentiate yourself from everyone else who's listening to this podcast or reading your book and wants to sell their business, everyone can do number one to three by just getting organised, putting in some time, turning their brain on. But number four is that real differentiator. You've got to actually have something of value that that you can prove.

**David Frizzel:**

And we've just talked that through. That's a that's a really good one. I feel like we're getting to the meat. Well, hit me. Then, what is number five?

**Kerry Boulton:**

Well, I really think that is about understanding that the timing, especially can make all the difference. I alluded to it before in how mature your business is, and what is the growth what growth trajectory is your business on? You're now in a mature market. Have you created? Is there some form of innovation that can be introduced that will give it another growth spurt? So being able to say what, look at the future market, and say where the opportunities are, and be able to somehow demonstrate those, then you are going to certainly have a much better chance of finding a buyer.

**David Frizzel:**

That's for sure. Timing is everything and even the other way, timing as to when you willing to sell as well. Again, in your book, I read a story, you said that you'd sold two businesses just because someone wanted to buy at a certain time. You took that opportunity because the timing was right. So not only do you need to be able to lure the right buyers in with number one to four, you also need to know where you're at as a business owner, what your goals are, where your life is set up, what you're going to do, post, selling your business, all of those things, so that if an opportunity does present itself, you're in a position to take it, or to know at least if you want to take it.

**Kerry Boulton:**

That's exactly right. One of the things that I think is so important all along is whether you want to sell your business or not is immaterial. Always have it ready for sale.

**David Frizzel:**

Yeah.

**Kerry Boulton:**

And I don't know whether you read the quote that I have in there, which is Kerry Packer in particular, where he's often quoted from the when he sold Channel Nine to Alan bond, as he said, every business is for sale no matter what. And there's only ever one Alan bond in your lifetime? And I've had mine, because he sold it to Alan bond at a massive price and then bought it back a decade later, didn't he for nothing?

**David Frizzel:**

Yeah, exactly. And it wasn't even a decade, it was only about five years. So yes, he sold it for about, I think from memory, it was about a billion, and he bought it back for under 300 million. So, it's a case of always having your business ready for sale, no matter.

To extend that to your earlier analogy, wouldn't it be lovely to live in your house that looked like it was always ready for sale, a house that looked like it was always being put up for auction?

Now that would be nice to live in such a tidy, beautiful home Kerry. What is my business worth? What's the formula? Let's say, for pure argument's sake, I work my butt off. I might have a couple of people working for me, after all is said and done. In the last three years, I've paid my bills. I've got everything in order. I clear 200 grand a year. What's my business worth?

**Kerry Boulton:**

So this will depend on the type of business you have. Obviously, if you are in a there's rules of thumb that apply in a lot of different industries. So for instance, in the real estate industry, you can buy, say, a property management business, a rent roll for around about a four times profit, or EBIT, they call it, you know, earnings before interest and tax in general, generally speaking, in Australia. Now the stats that have come out is that the average multiple is, you know, near around two times right from industry to industry. It will also vary depending on who the buyer is.

So if you are, for instance, you know, happen to be in an industry where there are some really big players that have come in that are trying to increase their market share, and they're buying up a lot of smaller businesses in that particular industry, then you're very likely to get a much better price, a much bigger price for your business no matter what, because there's, there's what they call private to public arbitrage. Okay, so, so what that means is that they might pay you what you consider to be a huge multiple for your business or but of course, say, Let's take an example, that you're able to sell your business for five or six times the net profit, okay, which is much, a much higher multiple than you might otherwise buy a get if you were just putting it on the market, but you've sold it at that multiple to a very to a large business that's a publicly listed company they're operating on the market at 1015, 16 times multiple. So to them, even though it's huge to you, it's peanuts, because they've got the difference. They can actually take your business integrated into theirs and increase the multiple on that business by another 10 times.

They just want to take that little bit of the market that you've got. That's what I guess Silicon Valley is, in some ways, all about. You hear those wonderful stories about, I don't know, apps like WhatsApp just getting gobbled up by Facebook, because Facebook look at it and they think, Hey, that looks pretty good. It might not be making any money right now, but it will be a great extension to this

behemoth that we're creating. So here's a billion dollars. Correct?

**David Frizzel:**

That's exactly right.

**Kerry Boulton:**

And so I've often in big groups that I've spoken to, I've said I've shown a little video on Microsoft's purchase of LinkedIn. So they paid billions and billions for LinkedIn, yet they were losing \$161 million so my question is, why?

**David Frizzel:**

Yeah, why would you do that?

**Kerry Boulton:**

Well, simply because of the extension that they can get to the other example as well is Microsoft buying Skype. So they've been able to put Skype out with all their systems. It's, you know, and again, they've paid billions for it. I mean, in those very big examples, you can you sometimes you scratch your head and say, wow, how did that happen?

**David Frizzel:**

Yeah, whose doing the math? Oh, most of us can only dream. Kerry, Hey, before I we sign off on this, I just want to end with the beginning. And literally, you quoted in your book who is the person who is quickly becoming the most quoted author on this show, Stephen Covey, his second, his second habit of Highly Effective People begin with the end in mind. And that's everything that you're preaching, isn't it?

**Kerry Boulton:**

It absolutely is. It really is. And think about the future, and think about where it is that you want to go, where you want to be in your business. And do start putting those little building blocks in place, if you haven't already, so that you can reward yourself for exactly what, where you want to head, what you want for the future. And it is really building blocks, beginning with the end in mind, thinking longer term, thinking strategically about that and little baby steps, it'll get you there.

**David Frizzel:**

That's for sure. That's wonderful advice, a good place to leave it. Kerry Boulton thank you so much for joining me on the Team Guru podcast.

**Kerry Boulton:**

My great pleasure. Thank you, David.

**David Frizzel:**

That was Kerry Boulton, as I said during the conversation, the whole concept is alluring. Building your business with the purpose of selling it to make some serious money and move on to something new. It's a step in thinking big rather than just thinking survival. It's a change in mindset. Kerry outlined the five things that have to be in place for you to attract the buyer.

Number one, you've got to have your finances in order.

Number two, you need a customer list. Who are they? How can they be contacted? What they buy and how often.

Number three, your systems have to be strong, smart, and importantly, they have to be documented.

Number four is to have a clear idea of what makes you different, and you have to be able to prove it.

And finally, number five, be aware of timing. Timing, as they say, is everything as always,

I'll share the lessons I took from my conversation with Kerry on the lessons learned page from this podcast. You'll find it on the team guru website that's teams with an S dot guru forward slash podcast. Connect with me on Facebook, Twitter, SoundCloud or LinkedIn and join me for the next episode on this my mission to bring to life the principles and theory of leadership development.

This is David Frizzel, Team Guru. Bye for now.