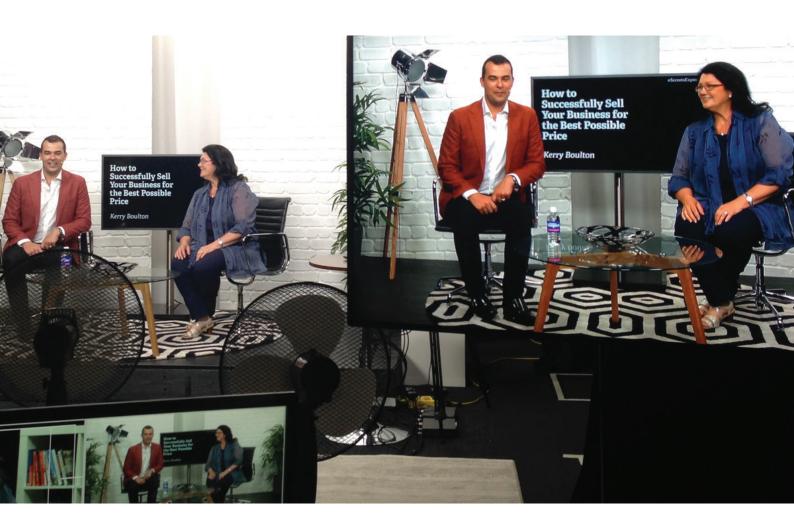


Why Do Fire Trucks Back In— Interview On Business Blueprint



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Intro:

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

Main Segment:

Kerry Boulton:

Have you ever noticed that fire engines always back into the fire station? Why don't they just pull into their parking spot front first, like the rest of us? Well, backing in at the end of a shift saves them time when they have to get to a fire. They back in to be ready, whether the call comes in five minutes or five days. They're ready to pull out as quickly as possible.

So, like the firemen, you as a business owner need to be ready when you get the call from someone who wants to buy your business. And these days, owners are getting that call a little more often. With the baby boomer group now getting closer to retirement age, there's going to be an enormous bubble coming through over the next five to ten years where more and more businesses are going to be up for sale. You need to get your business ready by making sure that it has the best possible value embedded in it.

It's really interesting to look at some of the stats that have been coming forward over the last 12 months. Roughly, how many offers are actually being made, and how many of those offers are, in fact, being accepted. That's measured by something called a liquidity index. Measures are taken about every quarter, and the last statistics showed that by building more value into your business, roughly 12% of owners are likely to receive an offer for their business. That's really low. So I would really implore you to look at ways to identify what all the value drivers are in your business and be able to maximize your business growth around those value drivers.

Companies are becoming more acquisitive because they have access to more cash than they know what to do with. With interest rates next to nothing and after the liquidity crisis of the GFC in 2008, they've been socking away profits on their balance sheets for a rainy day. The increase in the acquisitiveness among buyers has very important implications for you as a business owner. Chief amongst them is that you need to have a sellable asset when the opportunity strikes.

Statistically speaking, the two most common reasons you're likely to sell your business are, number one, a health scare, and number two, an unsolicited offer to buy your business. I can tell you from personal experience that we had two unsolicited offers to buy our businesses—the two businesses that I personally have sold. In both cases, the offers came along unsolicited, and as I said, on many an occasion. Quoting Kerry Packer famously when he sold Channel Nine to Alan Bond, he said, "You have to always have your business ready for sale because you never know. You might only ever get one Alan Bond in your life."

So, unsolicited offers have been on the increase, and so does the need for you to be ready. If an opportunity comes your way, unlike when the owner is in control of when you decide to list a property for sale in real estate, the hallmark of an unsolicited offer is the fact that the owner doesn't know when it's going to happen. This means that you need to operate constantly as if your business is about to receive an offer, and it's always around the corner.

Companies that are sloppily put together with shoddy bookkeeping, too much customer concentration, or that are run by a "Hub and Spoke" manager—where you're the focal point, and everything has to radiate from you—will end up being passed over for turnkey operations that operate on autopilot without you being there.

The time is now for you to get your company ready to showcase when the opportunity comes knocking.