

Summary

How Do You Value Your Business—Business Blueprint Interview



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In the Business Blueprint interview above, Dale Beaumont spoke with Kerry Boulton, Australia's leading exit strategy advisor and CEO of The Exit Strategy Group, about the intricacies of valuing and selling a business.

Understanding Business Valuation

Beaumont began by asking Boulton how to value a business. Boulton highlighted the importance of benchmarking your business against industry standards. Tools available online and data from sources like the Business Broker Association can provide a starting point for understanding what similar businesses sell for. However, Boulton cautions against relying solely on these figures.

To achieve a higher valuation, Boulton recommends delving deeper than industry averages. He stressed the need for a thorough analysis of future cash flows since buyers are ultimately interested in the earnings potential of your business. Boulton advised consulting with your accountant for discounted cash flow calculations and future financial projections to get a clearer picture of your business's worth and to identify any financial gaps that need addressing.

Responding To Buyer Questions

The conversation then turned to handling inquiries from potential buyers. Boulton suggested a strategic approach: redirecting the question back to the buyer. For example, when asked about your asking price, you might respond with, "Why are you interested in my business?" This tactic not only buys time but also helps uncover the buyer's motivations and level of seriousness.

Beaumont and Boulton discussed the importance of understanding a buyer's plans for the business. Boulton recommended asking questions such as, "What do you plan to do with the business?" and "How do you intend to grow it?" These questions can provide insights into the buyer's vision and help tailor your pitch to maximise your business's appeal and potential sale price.

Strategic Insights

Boulton emphasised that successfully valuing and selling a business involves a strategic approach. By benchmarking, analysing future cash flows, and engaging in strategic discussions with buyers, you can significantly enhance your business's value. For those seeking more detailed guidance, Boulton's new book, *The Uncensored Truth About Exit Strategy*, offers additional insights and strategies.

To delve deeper into these concepts, visit freeexitstrategybook.com.au for a copy of Boulton's book and gain a comprehensive understanding of effective exit strategies.