

# Maximise Your Business's Value: Essential Strategies For Exit Planning



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Kerry Boulton is Australia's most respected Exit Strategy Advisor and CEO of the Exit Strategy Group. Welcome to this week's segment.

**KERRY BOULTON:** The topic I wanted to talk about today came in as an answer to the question, what's your biggest challenge related to exiting your business? And in the many conversations that I've had with people, this has been a burning issue, and that is having the business valuable enough to exit.

So asking yourself that question, do you have an idea of what your business is worth? How do you actually go about figuring that out? Well, one way to do it is, in fact, to have a look at. I mean, you could get a business broker in to give you some idea of your valuation, to see where you're at now. Because, interestingly, every business is different, but every business is the same. There are drivers that actually affect your business, and no matter where you are in the growth phase, each one of these drivers will come into play.

So if you've been in business for a number of years, for instance, and you are past the early development stage, things like, you know, your sales and marketing, any recurring revenue, what sort of legal documents, etc, that you have in place, any legals. What are, in fact, the essential items that are actually making up the value of your business?

One of the suggestions that I've offered to a lot of people, and if you wanted to take this up, I'm very happy to offer you the opportunity to look at an overview of a benchmark for valuation for you, and it won't cost you anything. And I'll give you the details of that at the end.

So you can identify which is the value drivers you need to focus on to be able to increase the value of your business. So looking at a particular at one of my clients who's actually already gone through this process, we've been able to identify that there's a value gap of it's quite a large business. It's currently worth probably about a couple of a million dollars.

But there are, in fact, the value gap is being created by certain elements in the business that they need to focus on. So there are some red flags that are popping up which are potentially caused by not enough attention to the people in the business or the senior management in the business.

And when you're in a slightly larger business like that, if you're really reliant on one key person, or one or two key people, or even just a single customer, or a cluster of customers, who can make a huge difference to your business, if you lose that business, then that's a red flag that's actually going to cause devaluation in your business to any potential buyer in the future.

So you know, identifying how you can improve the business value is really, really important. So I'd like to invite you to go to [www.theexitstrategygroup.com.au/](http://www.theexitstrategygroup.com.au/)

freereport. You can download an invitation to a core value overview, discover questionnaire, and if you go through that, you'll get an idea. It'll actually give you some feedback.

It's a very simple process. It'll give you some feedback on what your business might be worth today on the market, and where the value gap is, so that you can identify maybe some red flags that you need to pay attention to or certainly identify the main areas in your business that are creating limitations to your future growth. So I'll give you that URL again. It's the [www.theexitstrategygroup.com.au/freereport](http://www.theexitstrategygroup.com.au/freereport).

One of the other major questions or issues that challenges that people have mentioned is about finding enough time to plan an exit strategy. One of the areas that I really urge you to concentrate on is thinking about the time frame in fact that you may wish to exit. It's really important that you do give yourself enough time. And that's essentially I'm suggesting to you two to five years would be really great.

So you can then put into your daily, weekly, monthly planning processes some time that you allocate to actually stop to think about planning your exit strategy. Now, if you're not in the habit of creating plans, this is a really good time to start. No matter what size the business you really do need to get some structure around your planning processes, even if it's as simple as doing when you stop to do your budgeting for the financial budgeting for the year, allocate some time around those processes so that you can, in fact, start.

I think, when you thinking about your end game, what is it? Have you thought about it? Is your exit plan designed to get you to a place in time or do you want to get it right for the next generation? Do you want to create a business that you grow and finally on sell to a large strategic buyer, so you can maximize the amount of money that you'd get out of it?

So ideally, if you have your planning processes set up so that you can allocate time once a month, once a quarter, maybe even every six months, to go through every element of your business to make sure that it's actually ship shape, you're going to have a much better business that's going to run more effectively, more efficiently, more profitably, with less stress. And then if somebody does come along unexpectedly, you're actually ready to be able to take advantage of some offer.

So planning is a discipline, so finding the time, it's not an excuse. You can do it. You've got to be able to plan in your business, because if you're lurching just from one thing to the next, then frankly, you're doomed. It's not going to give you any satisfaction. You will be under a lot of stress. And there are many ways

to be able to get yourself in the mindset, to be able to allow yourself to take the time to do that.

I am not going to go into that area at this stage, but I think that it is simply a matter of programming your planning time into your normal business planning processes. And it's something an exit plan happens concurrently with those normal business planning processes, and you'll find that you'll be able to get your business even better than what it is today by thinking about the growth that you need to have in order to be able to exit.

This is an interesting one that I'd like to chat about with you, and what happens when your business changes. Say, for instance, you have already defined a finish line. In other words, you've figured out the end game that you have had in mind, and then suddenly the business changes. You know, an opportunity comes along for you to grow your business, perhaps through an acquisition or perhaps through a merger.

And I'm talking here about a case where you may have three or four partners in the business, and this is all very hypothetical, but say, for instance, you have someone who is, you know, closer to 60, and then you might have two or three other shareholders who are, say, much younger and in their 40s, and have different needs and different aspirations for the business.

So what happens when an opportunity like an acquisition comes along? You decide as a business that you're going to grow the business. And therefore your original thinking changes, because now all of a sudden you have a new leaf on life. And this often happens when you do have new business opportunities come into play, and you've suddenly doubled the size of the business.

So it's really important in that process to actually think about what your new finish line and not just take for granted that what was in place previously is actually going to stay that way. So do you need a new exit plan? You do. You need to think about it. You need to think about the individual needs and wants of the people who are the current shareholders, and what they want they each have in mind.

These are often considered to be on the back burner, or they're not even thought about, or they might be the elephant in the room that no one wants to talk about. Well, I would really encourage you to include that thinking in your whole process when you look at growing your business, whether it be through an acquisition or a merger or through something of that nature. So that you do take into account everybody's personal requirements.

The last thing you'd really wanted to have to face would be some a challenge to the business, because you haven't addressed that particular issue. I'm sure

that you have thought about shareholder agreements, buy and sell agreements, and matters of that nature, particularly contingency plans if somebody really changes. And maybe, you know, one of the older shareholders just decides that they want out and because they're mentally checking out of the business. These are really key issues for you to address when you're thinking about and defining a new finish line for your own business.

If you don't have a copy of Kerry's new book, ***The Uncensored Truth About Exit Strategy***, please visit <https://freeexitstrategybook.com.au/>