

Unlocking Value Strategies For Finding Strategic Buyers



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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.

INTERVIEWER: What else can you tell us about? Well, how do you find these strategic buyers? Because we were, as opposed to just another, you know, just a husband or wife or couple, whatever, they just want to buy a business to, you know, kind of have a job, you really looking someone that's looking for not just to run the business, but looking for the strategic value, right?

KERRY BOULTON: Sure.

INTERVIEWER: Okay.

KERRY BOULTON: A really good way is to go around and ask some of your, for instance, your relationship with some suppliers that you might have. Ask them when they're going to other businesses that are not in your industry, but different industries, who their customers might be, who you could maybe chat to that could have complimentary services that you might be able to have in your business, so you can flip it around a little so that you're basically doing a little bit of spy work.

INTERVIEWER: Yeah, okay.

KERRY BOULTON: Okay.

INTERVIEWER: So you then go and tell them, I'm selling my business. Who do you know?

KERRY BOULTON: No.

INTERVIEWER: So how do you phrase it to them? Just explain that one more time.

KERRY BOULTON: Yeah, you could just say, if you're going to one of your suppliers, let's take the cleaning business. You might be purchasing some...

INTERVIEWER: High powered vacuum cleaner so whatever...

KERRY BOULTON: Yeah, exactly, vacuum cleaners...

INTERVIEWER: Sure.

KERRY BOULTON: ... and those sorts of things. And just ask them what are the businesses do they work with who might be looking for your type of services, and you'd be surprised who they know. It really is about having those sort of confidential but general discussions. That's one way of doing it anyway.

The other way is, of course, just to sit down and brainstorm. You know, sure, you've got friends that are you can take into your confidence. Anyway, most people do. You might be able to sit down with your friend and just simply

brainstorm, who is it that might be a complimentary business that we could we could put on our list of potential buyers for us.

INTERVIEWER: I've heard experts' kind of say, asking yourself the question, who can make more money out of my business than what I can?

KERRY BOULTON: Sure.

INTERVIEWER: So you know, for example, if you sold it to a company that has 100,000 customers, and you only have 2000 customers, they would make more money by taking your products and services...

KERRY BOULTON: Yes.

INTERVIEWER: ... and selling them to their larger customer base.

KERRY BOULTON: Correct.

INTERVIEWER: So you're trying to really package up an opportunity where someone else can make more money than what you can so they pay you a better price.

KERRY BOULTON: Correct.

INTERVIEWER: Okay.

KERRY BOULTON: And that may well be a competitor in that case.

INTERVIEWER: Yes.

KERRY BOULTON: They could well be a competitor.

INTERVIEWER: So it could be a larger competitor. You talk to your suppliers, see who they know. I've also heard, I don't know necessarily how you'd find these, but I have a friend of mine that sold her catering business to a company from the UK that was looking to expand into the market. So how do you find other international players that are looking to get in?

KERRY BOULTON: Well, the other way of doing it, of course, is to put an ad on Craigslist.

INTERVIEWER: Yep.

KERRY BOULTON: It's as simple as that should do that

INTERVIEWER: Yes.

KERRY BOULTON: ... without breaking confidences and just putting out an opportunity that you could describe that if you're looking for international you might find this...

INTERVIEWER: And often times you can go to these big internet trade shows...

KERRY BOULTON: You can. Yes.

INTERVIEWER: ... because if you have an industry trade show and all the big players are there, you can obviously pick business cards up and network with them over there.

KERRY BOULTON: You can absolutely.

INTERVIEWER: Any other ways to find buyers that you want to share?

KERRY BOULTON: You could also be thinking about your own customers. They're another great source. They could well be. Your buyer could be amongst your customer...

INTERVIEWER: Yes.

KERRY BOULTON: ... list without a doubt.

INTERVIEWER: And I know that as well, in certain countries, there's special visas for people that are wanting to immigrate to a country as well, and they have to pay a certain amount of money...

KERRY BOULTON: Yes.

INTERVIEWER: ... for an actual business.

KERRY BOULTON: Yes.

INTERVIEWER: So talking to immigration companies is also another way to go.

KERRY BOULTON: Yes. Yes, it is. And because those companies that actually assist people with that business migration and understanding what the true motivation is, too, because the buyer will have a different agenda to you, the seller. They'll have a completely different agenda. So you really have to get into their heads in a way, and think like the way that they think.

INTERVIEWER: Which is probably why they audit such a good idea...

KERRY BOULTON: It is.

INTERVIEWER: ... to do before you start talking to real buyers.

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