# The Exit Strategy:
## Maximising the sale price of your business.

Starting with the end in mind is an excellent way to approach this business. During the recent seminar series that I conducted around the country, I spoke about having an exit strategy and how important it is. The analogy I used to emphasise this was a game of football. When you play a game of football you have the capacity to put in all the effort you need, because you know when the game is going to end.

In a time long past, soccer matches in England were held between different towns. This was much preferred to having a war. There was a start to the game, of sorts, and away it went. Often there would be hundreds of participants on either side; most would stop on a regular basis to fuel up on mead before launching back into the fray. Games could last for a week and ended when one town forced the ball through a predetermined place, usually the gates to the market. These were brutal games with no rules which resulted in a large number of injuries with deaths not being uncommon.

Starting a brokerage without the end in sight is just like playing a game of football that has no full time; you will put in a huge effort on a continuing basis with the only choice being to either walk off the field exhausted or be carried off. Neither choice presents an attractive option. This business is too hard, it requires too much effort. You need to be able to see the light at the end of the tunnel and it better not be a train coming.

When I started my last brokerage in Canberra my wife told me that the only way she could put up with the long hours and the interruptive phone calls was if we had a plan that allowed us to decide our future. So we came up with two trigger points and built them into our business plan. The first was an economic trigger, the second was a time trigger. The economic trigger required the business to generate a certain amount of trail, the time trigger was 5 years. We decided that which ever came first would be the point at which we would sit down and make a choice about our future. Whether we would sell, expand, wind down, whatever. The important thing here is we would be in control of our own destiny.

By starting with the end in mind, and agreeing on our trigger points to get out, we gave ourselves several advantages. Firstly we both knew what we were working towards which made the after hours appointment and the general stress of running the business much easier to handle. Secondly, to make our exit strategy really work we had to keep the business in peak condition so we could maximise our sale price if we decided to sell. It's not unlike a car. If you are selling your car the first thing you do is clean it and make it look as attractive as possible. We did the same thing with our business. The data base was tip top, the information up to date to the point where we could identify exactly who referred which clients and our trail

commission was reconciled down to the last cent including an average age report on our book.

When we finally sold the business in November 2003 we sold it for a premium because we could identify the extra value the business came with. The purchaser bought more than just an amount of trail and some names, they purchased a complete business that had an existing cash flow attached.

If you are thinking of selling your business now or in the future you need to think about what you can do to maximise the sale price. You may know your business is worth a certain amount of money but unless you can demonstrate that to a potential purchaser, unless you can show them where the value is, they will always think it is worth less than you want. There is more to your brokerage than just trail.

I read an article recently that said Australians spend more time planning their holidays than their business. If this is true, some of us may be having a much shorter holiday than planed after we sell.

SUCCESS is not a mystery. It is a system!