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THE BUSINESS END

• ENTERPRISE

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A way out that works

● Australia's population is ageing rapidly. This means that businesses are going to have to accommodate older employees and offer more flexibility in the workplace to meet the needs of older staff.

Businesses can no longer rely on a flow of young energetic staff members, and the skills shortage is likely to continue for at least another couple of decades.

Another consequence of the ageing population is the fact that most private businesses are owned by baby boomers born in the late 1940s and 1950s, an increasing number of who are getting tired and looking to capitalise on their business investment.

If you are in this category your options are to pass the business on to a younger family member, to list the company and then to hopefully live off the dividends or sell the business through a trade sale or a management buy-out.

But for most business owners, the end of that working life tunnel appears no closer now than it did when the business started trading and can even seem further away for some. You know I'm talking about you.

You did your business plan, which included an exit strategy, and you have done all the right things to build a strong and profitable enterprise so you are ready to sell – but the buyer with the bulging wallet is nowhere to be seen.

You can't list because you aren't big enough or you are not interested in the compliance hassle and your kids want to follow completely different career paths. Your management team can't find the cash and so you are left in the big office all on your own.

This is what happens to many small to medium enterprise owners but there are other ways out so don't panic.

A Commonwealth Bank survey has found that almost a third of business owners with an exit strategy plan to just walk away from the business. One in four surveyed business owners over the age of 60 planned to close down and walk away without a sale. But if you intend to do that you have to structure the business in such a way that you take out at least the amount you wanted from a trade sale.

The key is to make the business work for you. You need to ensure that you take a good industry-competitive salary, you need to ensure that profits stay high so that you can take a regular dividend until you have achieved the amount you need from the business, and you need to be talking to your accountants and or business advisers as to the other ways of getting your return legally.

If you went into business to make money, and if you are a boomer and want to get out of that business, now is the time to put in place a plan that works.



So you are ready to sell – but the buyer with the bulging wallet is nowhere to be seen