



The Deal Room Podcast

Episode 153 – Getting Ready for the Golden Age of Business Brokerage

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Transcript

Joanna: Hi, it's Joanna Oakey here and welcome back to The Deal Room podcast, a podcast proudly brought to you by our commercial legal practice, Aspect Legal. Now today we have on the show, Alex Izsak from BBMS media, talking all about marketing for brokers and for sellers. So today we're really looking at marketing your agency for brokers and your listings and for sellers, we're also looking at what they need to think about when they're presenting themselves and their business for sale to the market. And of course, as I said, Today, we're talking to Alex Izsak, who is the CEO of BBMS Media, who is so well placed to talk about all of these because not only does he have a marketing agency at the moment that deals with marketing for Business Brokers, but he himself was a business broker for many years until recently.

So of course, he really understands the industry and so today's discussion is a really solid one. So today, we're really looking at that element of how to present a business for sale to the market. We look at some of those considerations when you're looking at reconciling the marketing needs of brokers and vendors when they're having to sell

the business against the legal and ethical need to be truthful and accurate.

We look at how to anticipate the concerns of Business Brokers, when writing information memorandums and we look at how brokers themselves can represent themselves in the market and the importance of having marketing that represents them in a positive light, we also take a look at the need for video advertising and how that can be useful and we take a little bit of a snapshot of what's happening internationally and market trends, both pre COVID and we bought our crystal ball to give it a go to work out some market trends, post COVID and what that might look like in terms of what brokers need to be doing to prepare themselves for the changes that could come into the market after we see government stimulus fall out. Well, that's it, buckle in. Here we go with our discussion with Alex.

Joanna: Hi, Alex, welcome on to The Deal Room podcast.

Alex: Hi, thank you for having me.

Joanna: My absolute pleasure, Alex. Now, I'm really excited about today's topic, talking all about marketing your agency and your listings, really focusing on what brokers and sellers need to think about in presenting themselves and the business for sale to the market. So maybe Alex, if you can just start off by giving us a super quick background of yourself and how it is that you came, you know, to be talking about and interested in this topic?

Alex: Absolutely. Well, I'm a former business broker myself, I worked as a business broker until 2018 at Central Business Brokers and at Latessa Business Sales. And during this time, I realized that there was a bit of a flaw in the industry, in that marketing was an incredibly essential component, such a fundamental piece of the Business Broker's job and yet there seemed to be no structure in place in any agency really, in order to support that. So it was actually expected of the business broker to somehow do that work themselves, whether there was marketing themselves and their services to prospective sellers, to prospective vendors that is, or marketing listings for sale to prospective purchasers so they had neither the time nor the skills to do it, but they still had to do it. That's eventually when I founded an agency and I'm pleased to say it's the world's first marketing agency, exclusively dedicated to the business brokerage industry.

Joanna: Love that! Well, congratulations

Alex: Thank you. Thank you. Yeah. And yeah, look, I mean, we started off in 2018, we actually launched at the AIBB conference in the Gold Coast. I went there by myself at that time, literally, the business was just me, you know, thinking 'oh I'll pick up a few clients, we'll slowly build up within one month, we had gone national. Within six months, we have gone international. And then prior to COVID-19, I mean, I was managing and our whole team, you know, we had 12 dedicated professionals, all of them in house and none of this was outsourced. Yeah. And we were working with Business Brokers in Australia, New Zealand, the UK, Canada, the US, Germany, and most recently Poland, as well.

Joanna: Wow, that's quite the list. Actually, one thing and this is totally off topic, but I just can't help go down rabbit holes when I see some interesting information. So

you prepare information memorandums for that's one of the main things that you do across all of these different countries. Is that correct?

Alex: That's correct. That's only our most popular product, our information memorandums.

Are you making the right impression?

Joanna: Yeah. Okay. And so what do you see as the differences internationally when you're preparing these IMs? Are there things that sort of stick out as, you know, jurisdictional differences that you're coming up with, you know, that are coming by you that you're seeing?

Alex: Well, certainly we have to be very mindful that, you know, the, the our view, there's a very strong similarity in the industry across all the different countries in terms of the issues, the mentality of vendors, the mentality of purchasers. But there are legal differences. For example, in the United States out of 50 states, only in 17 of them, his business brokerage actually regulated, Yeah, the remaining states is completely deregulated. You don't need a license, you don't need it, there are no rules that regulate it. But say, for example, in California, it's quite important for us by law, to actually put in the Cal DRE number in the cover of every information memorandum. That is a legal requirement. So, you know, for us, that's been quite a challenge in terms of having to become acquainted with all of this. But I guess coming a bit closer here to Australia, I guess the laws probably a lot more, a lot more on a federal level. So you know, we we look at things. I mean, of course, we understand, you know, each state has its own act that governs it. But you know, but like, overall, you know, we know what to put in, in Australian information memorandums.

Joanna: Okay, cool. Alright. I guess you don't just deal with IMS, you also deal with agencies marketing themselves, I guess, to vendors as well. Is that right?

Alex: That's correct. That's correct. So again, one of the things that we found is that not only were brokers, you know, having to write their IMs, but also sometimes they'd have to go to a listing meeting, and all they'd have to go on was a business card. Now, it's an interesting fact, marketers are aware of it, that it takes a very minimum of three impressions for a potential customer to actually remember you. So the question that I always pose to people is the following, is your business card there impressive, that people will look at it, and they will never forget you ever again? If the answer is yes, then there's nothing I can do for you.

I think, you know, you've done your own job. But if the answer to that is no, then look, I mean, that's what I think that the corporate video and agency brochure, marketing package is something that really presents yourself to the market properly. You know, and it's not just a matter of embellishing something, really explaining your services, like, you know, anticipating a lot of the questions that a lot of prospective vendors are going to have, you know, in terms of how does this work? What are commission structures like? Are there any upfront fees involved? And so on and so forth?

What should brokers and sellers be thinking about when it comes to presenting themselves in the market?

Joanna: Hmm. Okay, fabulous. And so maybe let's talk about, what are the issues? So firstly, what should brokers and sellers be thinking about in presenting themselves? Let's talk about the IM to kick off with, so when you're marketing a business, what should you be thinking about in putting together? What are some of the risks? What are some of the issues you see in the market?

Alex: Well, look, this, this is probably where the industry is actually quite different from business, from brokerage to brokerage, in terms of the work that the broker does beforehand. Now, we've got Business Brokers that will list a business and literally all they will do is fill out a one sheet piece of paper, ask them like, you know, what are your takings? When were you established? How many people work here, and that's it. And that's all they have to go on.

And then they send it to us. And they expect us to somehow have that one piece of paper to put together a 25 page info memorandum, which we can do, but of course, the quality is compromised without a doubt. We have other Business Brokers that we work with, that are extremely thorough, and they actually get all of the documentation so they get the financials, they get add backs that I actually certified by the accountant rather than just something that they just dropped down themselves to EBIT. You know, to get lease agreements, franchisor agreements, etc. They write really thorough questionnaires and so on. The quality of the material that comes out on the other side is completely different. And we see this in terms of the turnaround time for selling those businesses.

You know, we actually follow this with a lot of the Business Brokers, we find that the more information the more transparency that you know, that they have on a business, the easier it is to sell, assuming of course, it's an attractive business. Overall, look, I think that the market, certainly prior to COVID-19 was to a large extent, I'd say about buyer's market, in that they'll, you know, there were there was an abundance of businesses for sale. So the truth is, if you weren't presenting something that was compelling, transparent, accurate, attractive, etc, you shouldn't be surprised that, you know, it takes you 9, 12, 18 months to sell that business as opposed to say three months, which is actually what we've seen with a lot of these businesses.

Joanna: And it's interesting you say, you say that that was the case prior to COVID? I was actually just having a discussion with a buyer just yesterday about this, because that's certainly absolutely what I've seen as well. But you know, pre COVID, it seemed to be more of a buyers market. Right at the moment, it seems to be more of a seller's market. But I think my suspicion is from November onwards, it will reverse around again, and we'll probably see it as more of a buyers market again so. And that's where, I guess coming back to right at the moment where when we're in the depths of COVID and, obviously, Alex, we've had this discussion, you are back in the real depths of COVID. again right now.

As recording, poor Alex is part of the new shutdown in Melbourne. Yeah, yeah. And obviously, we're right in the middle of that period of COVID at the moment, and prior, the job keeper stimulus and the other stimulus in the economy coming out. And

I think there'll be a big impact when the stimulus comes out. And rather than sitting here at the moment, you know, I think many brokers probably have a lot less to do right now than they had pre COVID. I think that would be very fair to say, wouldn't you say, Alex?

Alex: Well, actually, no, let me just let me actually disagree with that

Joanna: Well, well, I was just just throwing in there, I guess, maybe what they really need to think about is getting themselves prepared. That's where I was gonna go for.

How to get ready for the golden age of business brokerage

Alex: Yes, actually, yeah, that's actually what I was gonna say. Because you're certainly right in that brokers are acting, well a number of brokers are acting as though right now is a bit of a limbo period, you know, they don't really have work to do. So they get to kind of sit back and relax. Smart brokers right now are working harder than ever, and I know several of them that are going, you know, 12, 15 hours a day, okay. They're preparing themselves, I actually ran an interview with Tony Latessa, for the Australian Institute of Business Brokers, just as COVID was hitting, you know, in which we recorded basically his message to the industry. And he said, this has never happened again, and this will never happen again. So you have to be ready, because this is a unique opportunity. Setting aside, of course, the human tragedy talking about it from a purely economic point of view, okay. For Business Brokers, this presents an absolutely phenomenal opportunity, this could very well unleash the golden age of business brokerage. Okay, because the entire economy is shifting. Mount, like myriads of people are very unfortunately, going out of work so for the first time, the job is not necessarily seen as a safety thing. So right now buying a business might be the safe option. Okay.

Alex: Similarly, a lot of businesses are going to, you know, are in distress, and they're going to have to go to the market without the emotional value attached to it rather, just the just the actual business value. So I think that the smart business broker right now is preparing for that. And preparing for that means a lot of things like suddenly their own education, ah, you know, this is a dynamic industry, legislation changes constantly. I don't think anybody's arrogant enough to claim that they know everything there is to know about all of this, okay, because it involves lease agreements. It involves, you know, contracts, it involves franchise agreements, and when it's a franchise, of course, and so on. But in addition to all that, it also involves, how are you presenting yourself to the market? Like when you go to prospective vendors, are you just giving a business card and saying, 'Oh, go to my website, and you will see some stuff about me'? You know? would you present something that really makes an impact that says, 'Look, this is who I am, here are some testimonials, have a look at this page, here are my success stories.' You know, these are my fees, this is what I'm telling you, I will be charging you in advance. So then later on, we don't have this argument. Here's the list of documents that you need to prepare. Here are all the factors that you need to consider, and so on.

Joanna: It's interesting that you talk about success stories, because I was about to ask you exactly the same thing. And so I'm glad you threw that in there. So I love stories. I love to hear you know, before and afters. What's some examples of some

brokerages that you've worked with that have had a before and after that, you know, shown massive differences out of out of the approach that they're taking to their own marketing.

Alex: Oh, absolutely. Well, one of the things that we've certainly seen is presenting samples. Okay? Now, we know that when a business broker asks for marketing fees, the vast majority of those marketing fees are actually going towards the business for sale websites because that is the really big expense that Business Brokers incur. Unfortunately, however, vendors don't see it that way. Okay, for them putting out 2000 2000 \$4,000. You know, like, as you know, that's, you know, anywhere between 1000 to 4000 tends to be the average in the Australian market, depending on the state. Putting out their money, the vast majority of their money is actually gonna go to the business for sale websites. Vendors, however, can't really grasp what am I putting my money into, when we started developing for Business Brokers is that we actually started developing samples that they can actually present to buyers and I'm talking about sample information memorandums, sample video marketing, etc, which are extremely tangible.

Alex: All of a sudden they touch it, they see it, they feel it, they have an emotional connection to this, oh, wow, my business is going to be presented like this. In their head, they're like, Oh, I now understand why we're that \$4,000 is going now obviously, my info memorandums don't cost anywhere near \$4,000, far, far less than that. But like I said, in the mind of the prospective vendor, like, like I said, this is something that's tangible for them. And we found that look, I mean, we work with a number of brokers in Australia, but one in particular being a national franchise that we work with. We know that for them really presenting sample information memorandums, they say, look, if you pay \$4,000, this is what you're going to get or if you pay 2000, this is what you're going to get and so on because we have a number of, a range of business profiles to suit every marketing budget. Okay, we know that that literally is what builds the bridge between, you know, a yes and a no, as far as marketing fees are concerned.

Misleading IMs and how to avoid them

Joanna: And do you see, I guess, one of the other risks for brokers is in putting together IMs that, you know, perhaps might be seen as a bit misleading, that, you know, might extend too far across that line between marketing and misrepresentation? I mean, those are the sorts of things that you have seen in the past, and what's your approach to how you see that line

Alex: It's funny to say that one of the first companies that we started deal dealing with, one of the things that we do is that we look at prior work that they've done in house, okay, and we saw in one of them in particular, the principal of the agency wasn't aware that one of the brokers who was writing the profiles themselves was actually writing down about a cash component in their takings, I'm talking about obviously, sales outside the books, and all that. I remember looking at it, and I called the principal said, Look, it's none of my business but are you insane? You know, and he's like, What do you mean? And he's like, it's like, you know, again, none of my business but you know, you're actually putting down on paper. Oh, my client, the vendor is committing a crime. Here's the crime. Would you like to buy this? And the principal actually wasn't aware of it, which is understandable, in the sense of the

principal has not to do with having to review every single info memorandum themselves. But yeah, look, I mean, that's certainly something that really crossed that line. In addition to that, we also saw a lot of a lot of IMs where they will just write down for example, their seats, they'll say, Oh, you know, 40 seats inside 20 outside, and then we look at the licensing for it from the council, and they have no football permit. So it's like those 20 seats outside you know, there was absolutely no document to justify this. It's not our role as the marketing agency to do the due diligence on behalf of the buyer, of course, and we explained that, we make that very clear. However, those are the sorts of issues that we can actually pick up on behalf of the broker and put out there.

Joanna: Sometimes it's about control, isn't it? Because, as you just mentioned, where this issue had occurred, it obviously, you know, sounds like it related to an agency where they're multiple brokers and so you know, the principal was trying to perhaps had lost a bit of connection to what was happening in every single IM that was being prepared. So, you know, maybe part of this is about, well, number one systems, but number two, having a having some sort of confidence that there's reviews being done by someone who understand some of the issues as well, you know, whether that's internally or externally.

Alex: Oh, absolutely. One of the things that I strongly recommend for every brokerage agency is to actually get vendors to sign off on their IMs. That's not to say that this protects you completely. Now in addition to this, of course, they are disclaimers as well that the buyer has to agree to and I understand of course, you know, look, I mean, obviously you can, you can tell me they're much better. But you know, I understand, of course, is that this isn't you know, a firewall. But of course, when the vendor actually puts in their name to it, there is at least a level, I guess of scrutiny behind.

So that's something that we strongly recommend. Something else also that we've been doing is that we actually conduct zoom meetings with the vendor on behalf of the broker, okay, where we introduce ourselves as being from the brokers marketing agency. And we actually record that, and we actually have that on file. So if at any point, you know, is the vendor said, look, this is what my business does, and etc, if something goes wrong, look, I mean, we can always just refer the broker back to the original interview.

Important marketing go-to's for a business broker

Joanna: Interesting, fabulous. Okay. All right. And so then, maybe it might be useful also, just to have a quick chat about what is it, what are all the elements that you think make the most successful marketing package? Let's start with a listing itself. What is a marketing a business? What are all the things that you think the the important go-tos, you've talked about a video, as an example, is something that's a useful addition. Are there other things that you think have worked really well before that you can say?

Alex: Oh, absolutely. Look, I mean, I guess just on that, there are two things that I want to, you know, that I really tried to bring to broker's attention number one is the following. Again, prior to COVID, there were approximately phenomena taking around two and a half thousand cafes for sale on one of the major business for sale websites,

the vast majority of them were advertised as a stock image of a cup of coffee in 10 bullet points about the business. What do you think is going through the mind of the purchaser that's going to look at this, and somehow, he's going to click on your cup of coffee and your bullet points. And you'd be interested in those specifically, like, it better be an amazing cup of coffee, and amazing, bullet points for that to happen.

Something else that we're putting out there is that we actually developed a number of products that we sort of invented, I guess, which is basically advertising businesses for sale, pre NDA. So we're talking about a confidentiality abiding advertisement of the business in the form of a video. Okay? Now, videos are statistically known to be three times more effective than text and images alone. Again, we found that the impact is absolutely phenomenal, like people will pay attention to look at the 30, 45 second video, those are what we call teaser videos, we have two minute videos with a voiceover and etc, they will pay attention to that, they will not necessarily have the 15 seconds to read the 10 bullet points or if they do, it won't register, because it has no impact. We're overloaded with information nowadays.

And that's one of the things that marketers constantly talk about, is that there is more information being bombarded to your brain than ever before through the intellect. You don't even realize it when you go see on Facebook, that there's advertisements on the sides and you go on Google and like pop ups come up and etc, etc. So, you know, the question is, you know, is what you're doing, actually standing out in the mind of your purchaser? So, you know, going back to your question, look, I mean, I think that that's certainly the number one thing that I would say to business brokers is, don't just do what has been done up until now.

It could be that this worked up until this point, but I would strongly suggest that this is not the way to do it anymore. The market has changed, there was a saturation of businesses for sale in the market, certainly in the Australian market, and the American market is actually quite different. But as far as the Australian market is concerned, there was a saturation of businesses for sale, you have to stand out, you have to make yourself presentable. In addition to that, be transparent, you know, like I said, the more documents you can actually provide, the more you can anticipate the questions that purchasers will have, the easier this will be so one of the sections for example, that we do on information memorandum is frequently asked questions, okay?

And this is a section that we constantly update for brokers. So brokers go and they conducted business inspection, in the buyer raises the following questions A B and C, he writes it down and sends it to us. And we actually put it in the RBI. So it's already been answered for the next buyer that comes along. So it's about anticipating it's about basically kind of, you know, getting ahead of the concerns we know that becoming the consumer, I think the consumer being the business buyer, is very risk adverse here in Australia. I think that that's a very common profile of a business buyer here. So like I said, the morning anticipate those concerns, the better off you're going to be.

Joanna: I guess it's really about understanding who the potential buyer is and sitting in the seat of the buyer and then, you know, moving marketing to that needle rather than marketing simply being, of course, we call it an information memorandum. But it's actually a marketing document within the confines of, as we said before navigating

that marketing versus, you know, that untruthful representation, that, you know, it's a marketing document, right? So in order to do that, you need to be thinking about what the buyer themselves is interested not just in their, as your example, you know, the picture of the cup of coffee? Well, you know, that's back to the, you know, the old marketing adage of the features versus the benefits, right?

And the cup of coffee, well that's the feature, right? That's just so functional in the business. But really, what you're saying here is, like, get a little bit original and think about what the benefits are, what the buyer is interested in, and how to evoke that emotion. That's the other element, isn't it? And I guess that's why video can be so useful as well, because it can allow you to evoke a lot more emotion. I personally think than, you know, just the written word as well.

Alex: Oh, absolutely. I mean, just to give an example. Say for example, let's imagine that we've got a cafe for sale that's a five day cafe, nine to five. Okay, you go on a website, and again you see the picture of a cup of coffee, and you see a bullet point that just says Monday to Friday, nine to five, okay, fine. That's one thing. Separate one where you have a video, and you actually have an image in the video, as the video progresses of a business owner, whether it's a mom or a dad actually coming home to their kids in time for dinner underneath, there's a headline that says lifestyle business, enjoy your lifestyle, work life balance, etc.

Try to think of the difference that this elicits in the business purchasers. He's looking at this, like, what is he going to pay more attention to, each one is actually going to push those buttons. This is obviously for, you know, talking about what, you know, what we refer to as Main Street businesses, but also for mergers and acquisitions. It's also the same thing, you know, for a large corporation, when they look at information memorandum, you know, like I said, poorly written or anything like that, versus an information memorandum that has graphs that has detailed analysis, etc. What's going to push his buttons as far as confidence is concerned. Those are the questions that I put out there.

Joanna: Yeah. Yeah, absolutely. And then, you know, in a larger business acquisition, so in an M&A environment, there is perhaps a much higher level of importance even of ensuring that you're portraying a well-organized, systemized business. And so yeah, absolutely right, having a crappy IM is really going to put buyers off as opposed to something that represents your business in the most orderly organized, you know, way possible. And interesting, so do you use videos in larger transactions as well? Is that something or is that just something that is relevant only to smaller business

Alex: Video advertising is, I wouldn't say necessarily just relevant, but it's certainly more common in smaller transactions. I don't know that in the M&A space, a video is necessarily how you would reach you know, a CEO of a company that's looking, you know, basically to acquire a smaller competitor. For example, it's something like this, like, you know, we put together prospectuses that are mailed out. So once again, one of the services that we do is that let's say you've got a \$10 million business in the food manufacturing business, for argument's sake.

One of the things that we put together as a perspective so still pre NDA, and we compile a list of potential buyers, meaning other companies either, you know, in the

same space or with synergies, okay, we actually mail it out. And again, something that presents properly, something that has graphs without disclosing the name of the business and all that. And then we say to them, you know, look, come in, if you're interested in learning more sign this NDA, we'll send to the actual information memorandum.

Relevant past and future market trends

Joanna: Okay, great. Then, one of the other things I'd like to touch really briefly on is market trends. So firstly, are there any trends that you've seen over the past? Like let's take ourselves before COVID? Because that might be a little easier. Are there any trends that you saw developing in the market, in relation to things that you're identifying externally that were working, not working, trends that you thought were interesting from a marketing perspective?

Alex: Yes, I like I said, look, again, prior to COVID, it was very much a purchaser's market. And I think the purchases were starting to become a lot more discerning and a lot more demanding in what they would get from Business Brokers. One of the things that I tried to do constantly is to have a look at Google reviews, in terms of, you know, what are the purchases out there saying about the experience that they've had with Business Brokers. Now, overall, there seems to be an old, like a very large theme of complacency and they feel like the business broker is just not doing their job. Now, if I'm a purchaser, I'm really upset about this. If I'm a vendor, I'm furious at it. When they talk about like, they don't answer or like, Oh, they presented it to me, I actually saw a Google review of a specific business brokerage, where they said that the business broker took forever to actually call the purchaser back.

And then when they did, all they did was literally send them up like 10 PDF attachments, like here's the lease, here's the financials, here's this, here's that, here's sort yourself out, let me know how you go. You know, like I said, Look, if I'm a purchaser in this market, like, you know, look, I haven't been, you know, I have my pick, you know, so if I'm going to choose between a business broker who's serious, who's presenting, who's representing their listings professionally versus one that isn't, the reality is that, you know, the market is simply going to run over the ones that are behaving like this.

Joanna: Yeah. And I guess, in part of what you're saying, you know, firstly, I must say, and it can be very difficult, I think, for brokers who are managing a lot of things, you know, there's a lot of components of every deal. And there's quite often, you know, brokers and managing lots of deals at once. So you know, it's tricky, if they don't have a really solid system and processes that drive the communication side, then the second component that occurs to me as you're talking is it's not even necessarily at the services per se it's the communication, it's keeping that communication up so that the vendor knows what you've been doing behind the scenes with the, you know, prospective buyers so that the buyers you know, it's almost this feeling of everyone knowing that things are still going, you know, has been moving and that communication piece and getting that down, don't you think?

Alex: Oh, absolutely, absolutely. Look, I mean, like I said, I think that, again, putting yourself in the shoes of the vendor, when you when a vendor hires a business broker, what he's saying is the following here, you're going to be my face, you're going to

represent me and my business. Now, imagine that this business broker shows up to a business inspection wearing trackies, okay, and all sweaty and all that. The vendor will be obviously completely dismayed, the purchaser will be completely unimpressed by it. Okay. And I say something, look, this is the equivalent of you not presenting your listing properly, if you're not returning calls, if you're not presenting information memorandum, This is the exact same thing. You know, the effect is the same. Don't let the business speak for itself.

I mean, looks like, Look, I mean, unless you're selling something that magnanimous that you don't need to make any effort. Okay, then that's fine.

Joanna: And lucky you.

Alex: But that's the thing, look, I mean, think about how you're representing the vendor. Look, I mean, I think that we have, we as in Business Brokers, I think that you have more than just a fiduciary duty towards the vendor, you also have, you know, I guess, an ethical duty to a large extent of like, look, you know, this person trusted me, you know, how am I going to represent them? And again, look, I mean, I think that, particularly with the advent of the Internet and how strong online reviews and online testimonials are really playing in the minds of people, now's the time for you to think about it. Okay? Again, this is an interesting statistic, a millennial is more likely to trust a Google review than the recommendation of a friend or family.

Joanna: Wow, isn't that just incredible?

Alex: Absolutely. Absolutely. Now, of course, you could argue to say, oh, well, Millennials aren't really the target market at this stage. But I would argue two things. Number one, they will be at some stage, you know, obviously, the older they get, they will eventually want to buy businesses or sell businesses. And number two, they are what's called influencers. Okay? Where, for example, and I say this as a millennial, myself, I know that my father will sometimes like to call me and say, oh, have you heard about so and so?

The very first thing that I will do is that I'll Google them. If I see that they have a low ranking on Google and I have those reviews that say, doesn't answer calls, didn't present an information memorandum, like not as serious broker etc, etc. Immediately, I would have said to my father, absolutely don't go with this guy. And it could be that it's a fantastic broker in fairness. But that's just the way the market is behaving right now. So again, that's something that I would strongly strongly alert Business Brokers.

Joanna: Yeah and I guess one other thing that I just wanted to throw in that occurred to me as you were talking is, and I think everyone who's listening to this podcast will be very aware of this but when you're dealing with the sale of someone's business quite often at someone that this has been their baby almost for a long period of time. there can be a lot of emotion. And whilst it might just be one of many, for brokers, quite often, for the vendors, there is a lot of emotion attached to their business.

If they can see their business represented in a way that makes it look fabulous, I think that really helps with the whole emotion of their connection and their feeling with how well the broker is representing them in their business because it's like, **11**

they're representing their child in many ways, you know, not always the case but certainly, we see a lot of emotion in many instances with business owners and their business and they just want to feel that someone else is taking care, in this like, very important stage in the business's life and their life with their business when they come to this exit point, you know? I think it's even more important at that stage. And you know, therefore, why paying attention to things like this, the way that you're marketing the business and how it's being portrayed, and how it looks, how the marketing of the business looks in the market, you know, it can help with your connection to your client as well, the vendor.

Alex: Absolutely, I would actually add something else to that, because I don't think it's just about how the broker is representing the listing but it's also about how the listing is representing the broker. And that's also another point.

Joanna: That's a great point. Yeah.

Alex: Absolutely. You know, look, I mean, I attended the International Business Brokers Association Conference.

Joanna: Back when you could fly.

Alex: The good, old days. And I remember attending one lecture in particular that I found fascinating and I really don't mean this, to sound disrespectful to any Business Brokers out there. The name of the lecture was leave the garbage to the garbage man. Yeah. And in full disclosure, when I was a business broker, I would also, I would often list things that came across my way. Fish and chip shops and milk bars, and etc, you know, like I would collect, but at some point, it actually made me realize that, okay, fine, I take, let's say, a milk bar that's running at a loss, because you know, who shops at milk bars anymore?

You know, and I put my brand on it, you know, my face as the business broker, my logo and my brokerage agency, and I present it to the buyer, and it looks nice and all that, okay, fine. But what is that saying about me when the business buyer is looking at that and thinking, oh, my God, this guy wants me to buy a business that's making a loss of 20,000 and the owner somehow thinks that he's going to sell it for 200,000. Now, who is this guy? You know? So like I said, look, I mean, I think that, you know, part of the work that brokers need to do really is just to be more discerning, it's, you know. Don't just say yes to every listing, you know, don't just collect listings, you know, it's better to have 10 good listings than 15 mediocre ones?

Joanna: Yeah, yeah, I'm totally with you. Yep. And you know, as I said before, to recognize how important this point is for the vendors. And I think, you know, that's one of the things that we've always focused really strongly on here at Aspect Legal is that, you know, recognizing the importance to the vendor of this deal for them and I think, you know, that leads to, it helps us then build enough goodwill with our clients, to then help ride out the, you know, some of the road bumps along the way because there quite often are roadbumps the way, right, you know, we all know stuff happens. And, you know, sometimes you just need that element of trust to be able to ensure that you are able to get all the parties to completion and more part of that is about how you set the relationship up, I believe, right from the beginning in terms of, you know, the respect that you're giving to the business which can be, you know,

reflected in the marketing approach as well.

Now, one of the other things that I just wanted to sort of talk about as well before we wrap up, is we've talked about past trends. I'd like to maybe, let's have a go at taking a bit of a shot for what we think some of the future trends might be obviously whilst we don't have a crystal ball, we do know that there's stimulus that's due to come out of the business economy at the moment mid September and I think that we'll see, in October or November, you know, changes to the market. We'll probably we might see a lot more businesses come onto the market. What do you think that, I think on the flip side, we might also see a lot of buyers coming in as well, because I think job losses will kick in and I just wonder if there is an opportunity for brokers now to really start working out?

How are they going to pitch their marketing for the future to take advantage of where they think and can make an educated guess right now about what that market looks like in terms of who the likely volume sellers are that are within their sphere of specialization? Who are the likely buyers of those? And is there some sort of marketing, you know, theme they can be thinking about developing right now? What's your thoughts about that, Alex? Do you have any ideas, thoughts, insight?

Alex: Look, I think that again, look, like you said, nobody has a crystal ball so nobody can accurately predict what's going to happen. I think, however, it's very fair to say, people are talking about all you know, when things go back to normal. Things will never go back to normal again. The entire global economy will have shifted and I'm talking about on a macro scale, and on a micro scale as well, okay, things will never go back to where they were. Unfortunately, the hospitality sector which is always the bread and butter of Business Brokers will be affected to a large extent beyond repair. I mentioned to you before I started the podcast that I went to the cafe around the corner from my house, just before the lockdown started and I saw the owner crying. And she told me, she said, I'm not going to survive this second lockdown.

So job keeper, no job keeper, like, I just I can't anymore. She said, I'm going broke, said I'm going bankrupt for the first time in my life. So again, taking aside the human tragedy there. From an economic point of view, brokers need to stop looking at hospitality. The retail sector will also have been affected, again, possibly beyond repair. On the other hand, the manufacturing sector, and I'm talking about local manufacturing will probably boom, particularly as this trade war with China looms which is an incredibly risky war.

But I think that governments now understand that the risk of having an entire market that depends on imports is, I mean, it's craziness. I mean, it's just something that we never really paid attention to. So I think that the local manufacturing sector will have to be boosted and I think there'll be a lot of government incentives for that. Obviously, government incentives, of course, the very first places where they go to is construction, healthcare and education. So again, brokers that focus on those spaces, I think, will do quite well. And finally, online. I think that the online world will also change quite a bit like I mean, as we saw, despite everything that's happened, we saw that Jeff Bezos of Amazon has now reached a personal fortune of \$1 trillion as a direct result of COVID.

So, you know, again, that's the entire global economy just shifted everything, you know, the idea of, you know, of not a billionaire, but rather a trillionaire, you know, is just part of our new reality. Again, like, I think that look, brokers need to think outside of those spaces, they need to think about getting better quality listings, they need to understand that they'll be competing for good businesses now for sale. Okay. And in order to get those listings, they need to present themselves and present their listings in an extremely professional capacity. And I think that those that don't will simply get run over by the rest of the industry.

Joanna: And look, well, you know, I've reflected on this a bit recently. And my thoughts are, that there's probably two areas that I think, there will probably be a lot of opportunity. I think there'll be opportunity for very small businesses in that by a job market so I think there'll be, you know, a lot of opportunity there. And then, for larger businesses, I think there'll be a lot of opportunity and growth for Acquisition, growth through acquisition. So for businesses, but I just think there's opportunity there then for brokers who can recognize and who are in either of those markets where either of those buyer sets are relevant, which, you know, together, they probably covered the majority of the field.

I think if you can start to, you know, as a broker, pitch yourself in these areas, you know, you're going to serve yourself really well for the future to be able to capitalize when some of these opportunities start to open up because my personal belief is when they open up, there's going to be a lot going on and I think it will be very busy time potentially. But what you do right now could be the difference between whether you're the one who's making hay while the sun shines, or whether that's someone down the road.

Alex: Absolutely, absolutely. Couldn't agree with you more. And look, like I said, you know, look, it's time to think differently. The old ways are now the really old ways. Okay. The industry has changed, and you have to change accordingly. Yeah, that's definitely my message to Business Brokers.

Joanna: Brilliant, well look, Alex. This has been fabulous. Thank you so much for coming on the show today. Yeah. Look, it's been it's been great to chat and I guess, do you have any parting message that you have for our listeners, and how can they contact you?

Alex: Well, like I said, look, my final message to them is that think about the way that you're presenting yourself, think about the way you're presenting your listings, the economy has changed and I think that if you present yourself in the appropriate way, this can actually be an opportunity. This entire crisis can actually be the moment where, you know, you can rise to prominence within the industry. As far as contacting us, you're welcome to call me on 04288463 double two, where you can send me an email on info at BBMS dot media. That's wb m s dot media. Or of course, visit our website www dot bbms dot media.

Joanna: Brilliant. Okay, Alex. Well look once again, massive thank you for coming on to the show today. And if you are unable to write down that phone number because you're on your commute somewhere, lucky you, you're clearly not with Alex locked down in Melbourne. Then all you have to do is check out the shownotes because we'll have one for Alex right there. Well look, Alex, just want to say a massive thank you

once again for coming on to The Deal Room podcast.

Alex: It was a pleasure.

Joanna: Well, that's it for this episode of The Deal Room podcast. If you'd like more information about this topic, then all you have to do is head over to our website at [The Deal Room podcast.com](http://TheDealRoompodcast.com), where you'll be able to find the contact details, Alex Izsak at BBMS media and you will also be able to download a transcript of this podcast episode if you're the kind of person who likes to see the detail of all of the words. On our website, you'll also find details of how to contact our legal Legals at Aspect Legal if you or your clients would like to discuss any legal aspects of sales or acquisitions. We've got a number of really great services that help businesses prepare for a sale or acquisition or lead them through the deal once it's on foot. We work with clients both big and small, and have different types of services depending on size and complexity. So don't hesitate to book an appointment if you'd like to find out how we can assist. Well, that's it. Look a massive thank you for tuning in again today. You have been listening to Joanna Oakey and The Deal Room podcast, a podcast proudly brought to buy our commercial legal practice, Aspect Legal. See you next time.