



The graphic features a yellow background with a circular portrait of a woman with long brown hair, wearing a dark blazer over a striped shirt. To the left of the portrait, the word 'EPISODE' is written in white, underlined, above the large number '182'. To the right of the portrait is the 'THE DEAL ROOM' logo, which includes a microphone icon. Below the portrait and logo, a black banner contains the text 'The secrets to success in selling businesses Part 1' in white.

The Deal Room Podcast

Episode 182 – The secrets to success in selling businesses Part 1

Note: *This has been automatically transcribed so will be full of errors! We are not providing it to you as a word-perfect version of the podcast but just as an easy way to provide you with a different way to be able to scan for information that might be relevant to you.*

Transcript

Joanna: Hi, it's Joanna Oakey here and welcome back to The Deal Room podcast, a podcast proudly brought to you by a commercial legal practice Aspect Legal. Now today we have part one of another great two-part series and this time we've got these two-part series featuring the fabulous Nikki Katz. Nikki Katz is a business broker that's risen to the top of the Australian Business broking world with a mission to shake up the industry with a modern perspective and a can-do attitude. She has also been the recipient of the REIA Australia National Business Broker of the Year Award for three years in a row. So in this episode, and our part two of this two-part series, Nikki discusses the secrets to successfully selling businesses here in part one, Nikki takes us through her journey of selling her previous businesses in the UK and then settling in Australia where she was awarded the REIA Australia National Business Broker of the Year Award, three years in a row, as I said before, and she also shares with us the lessons that she's learned along the way the benefits of niching and the most important things to take note of when selling a business. So without further ado, here we go with part one of our two-part series with Nikki Katz.

Joanna: Nikki, I am so excited to have you on the show. Thanks for joining us at the dealroom podcast today.

Nikki: Thank you so much for inviting me. This is an absolute honor. Thank you, Joanna.

Joanna: Well, I am excited. Because when you and I start talking, my goodness, it just doesn't stop.

Nikki: Well, we're talking to a Scottish woman. So we talk to keep warm, so we just keep, keep going, keep going and keep going.

Joanna: I love that Nikki, I love it. And I love your energy. I love your enthusiasm. And so I guess there's some, you know, it probably isn't a massive surprise why, you know, you've found the success that you have in business broking. But I really, you know, I want to talk about that success. And I want to talk about awards and what all of that means, as we move into the show, but maybe, can we just kick it off perhaps by you giving us you know, a bit of a background to Nikki Katz. So who are you? Where have you come from? And how did you land in this world of business broking?

Nikki: Yeah, well, yes, I arrived to the tune in nine years ago, I moved here with my family from Scotland, and I was chasing your home and away lifestyle. So we watched home and away on TV, and I had imagined that our lifestyle here was running down the beach, and we're all bronze and beautiful. And that was the Australian life. And I you know, you just don't get sun in Scotland. So I decided that that was a, that was a good move for me. And then, you know, moving here, I had to learn the landscape. I've owned my own businesses in Scotland and several of them I've packaged them up to sell them through a broker. So when I came here and arrived in Australia, I had to learn the landscape. I had to learn what the Australian economy was doing, what the business landscape was doing and just look for opportunities. So yeah, it's it's been a it's been a crazy nine years. It's been fantastic.

Joanna: I love it. Okay. All right. So so just picking up on a couple of things that you talked about there. So first thing you talked about having grown and sold businesses, what what were those businesses? Can you tell us a little bit about that story?

Nikki: Look, absolutely. But add again, I started off as one of those kids that knew everything and started my career really early. So at 17, I started looking at business, I had the crazy idea I was going to have my own business, I wasn't going off to university because I was smarty pants, I knew everything I should do when you're 17, you think you know, and but I did start a small supply business, going into elderly care homes. And what I did with that was elderly people who couldn't go to shop, I took shops to them. And so basically a captive audience, you would say they're all sitting there. But the USP of that particular business, which worked out really well for me, was that the government gave every single elderly person who was in long term residential care, a budget to keep them essentially neat and tidy. Of course, you're dealing with incontinence, and you're dealing with elderly people and things. And so each nursing home would have a budget that they had to spend. And if they didn't spend it, they lost it. So the idea was the old clicked on to the idea was spend more than we need, and then we'll, we'll deliver. So I used to get these crazy calls and say, Nikki, we need you can you bring in your clothing, we've got \$10,000 to spend, and we need to get rid of

it by whatever due. And I'd say okay, I can do that. So that was how that started. And it just grew. Arms and legs. You know, over time, the meetings of the staff of the care homes would get to know me. And then I became that, you know, you build up that rapport. And then you would say to me, can you get into this? Can you get me that? So by the time I had the business for 16 years, by the time I finished, I had vans all over the UK, and I was supplying all sorts of care, disability aids, everything. So I've just that side Nicky, can you get me? And I'd say yeah, give me a week, I'll get your price. And we'll get that ordered for you. And then I would go out and research and source that so just became that real driver. And that was fabulous business. So healthcare started off as clothing at 17 and then manifested into every supplier that you can do for for any of the care homes. So that was my purpose.

Joanna: I love it and you then sold that business.

Nikki: Yeah, I just find it after 16 years, 17 years, I was getting married, I was starting a family and I just decided that I'd taken it as far as I could personally take it so I packaged it up, got it ready for sale, sold it, had a couple of years off, had my babies and everything and really enjoyed that. And yeah, that was a good business. I mean, to be honest, I remember thinking at the time of selling it oh my god, I'm cutting off the head of the golden goose because it was a fabulous business. I built it up, it was really profitable. It was nice. And I'd learned on the jobs my running a business I learned all the things by making all the mistakes along the way and coming out good at the end. So it was good. So sold through a broker and then had some babies. I remember with my second child I was sitting home and watch something about, the gold price had skyrocketed, and whatever. So I remember jumping up, put the baby down, jumping up and doing some research and started another business called my gold Party, which was our gold commodities trading business. So basically, buying gold. It was, how it would work was, it was a model pattern of the business that would set up parties in people's homes. And the teenagers or young adults would come and basically cash in granny's old heritage gold, that they had been left that they wouldn't wear, if they were dying, you know, it's just not their style. And they would trade that in for cash. But then you have a guy that won't buy a modern disability, or they do something else with the cash. And so I set up, I have it, they're going into people's homes during these gold parties. And it was great, you know, they would come along, they would have some champagne, they would bring some gold and it was probably the only like a Tupperware style party. If you didn't actually spend money. Well, at that point, that was when the GFC had hit the UK. So everyone was really strapped for cash. And so I had that business just in the right place at the right time, to be honest. And it was fun. I had never done anything like that before. So I used to buy the gold and wait and hold and just watch the spot price. And then when the spot price went in, I'd call the smelter and lock in the price and I'd send that all off to be melted down.

Joanna: I love it.

Nikki: That was good, fun business.

Joanna: Fabulous. And so did you end up selling that one too Nikki?

Nikki: I did. I sold that one too. I actually sold that one because we've got our visa for Australia, probably about a year quicker than I thought and my husband, we're just about to go to holiday. Because we in Scotland, you need to go on holiday to find sun.

So twice a year, just go on a holiday and all you do is just go somewhere where it was hot and sunny, you guys wouldn't really experience that. And so well maybe you were going to gold coast or something. So what would happen with that was he phoned me and said, oh, we're just I've got good news. I've got bad news. And I said, Okay, and he said bad news is we're not going on holiday. And he said the good news is our visas come through and we haven't expected it that quickly. And we wanted that permanent residency visa, came through really quickly and we thought okay, so again, I had to look at the business, package it up, get it ready for sale, because you can you know, you just don't want to shut down the business, so I did end up selling it to a lady who is still running it to the eye. I understand they're doing very well.

Joanna: I love it. And so what did you learn between selling a business from the first time to the second time and and now onwards? You know, what, what do you feel because that's a very personal, it's a very personal thing. I love the brokers. So many brokers have come from building and then selling their own business. I love that. I just think that's amazing. But I'd love to hear, you know, you know, what your personal experience had been how it changed the two times and what it gave you moving forward to now.

Nikki: What I worked out was it's all very well to deal with the analytical business, you know, the broker was coming and valued my business. But at the end of the day, when the client came along, I end up selling it, I sold the businesses for them, because I would be chatting at the enthusiasm, I would tell them the pros and the cons of the business. And I would show them around and what I discovered was I'm quite good at this. And I although the broker, I didn't have a license or I couldn't do it myself. What I had watched was that I didn't feel yes, the analytics and the finances and everything was fair enough. But the the action part was that people buy businesses a because they can see the advantage but also that they have, it's the weirdest thing. I've never understood it, but they actually had to like the person you were buying from and vice versa. I don't really understand that because as you read the business and you exit, you might never see them again, but it is still a people business and people need to like people and when there was that camaraderie or that that inclusion with people and give over your expertise and there was trust built up, then that became a positive outcome. So I sold both my business and very quickly. I had a couple of businesses in between but these were that was the two significant ones that kind of was the start and the end of my kind career and I think people will always buy good quality businesses there are always businesses out there that are essentially sellable. So yeah, you know, with me, I knew how to package it up to sell it.

Joanna: And so, um, so I can hear a very strong entrepreneurial theme here, Nikki. And I feel, you know, a certain affinity to it because I just love everything to do with building a business and of course, you know, selling and acquiring businesses, which is why I'm in this industry. And I think it does this industry does attract people that love that, you know, love the finding the win-win. And I find in my practice of law, that it really helps to have a bit of an entrepreneurial side because you can see, you can see the commercials a lot more clearly than if you're looking at it just from a black letter law, you know, analytical way, what're your thoughts about that? Nikki?

Nikki: I do believe in entrepreneurial background look, yeah, there are many different types of brokers, there's obviously your, your analytic, your accountants they are very good at what they do, and then you've got your sales. And there are two very different

sorts of components with that, I always find that you know, you're gonna have one or the other in one aspect, as your as your treat for being a good broker. For me, I am sales, I understand the business I enjoy, I love looking at businesses, I love sniffing around businesses, and this job is the perfect job for doing that. Because you can get to see businesses. And sometimes you can go in with a new understanding of that business and just learn and grow. And I think that's what's exciting about being a Business Broker is, we get to see so many different opportunities and so many different ways that people are doing it. Good, bad and indifferent. And, yeah, not all of them doing it well. But certainly, everybody is doing it. And I think having a goal is really important. So just having a go with this. I think anyone who sets up a business is having a go. And I think that's to be rewarded.

Joanna: I love it. So that sort of leads me in a direction we and we must, we'll come back on track soon. But I'm loving this direction we're going at the moment. I did warn you before we started, Nikki that I'm terrible at sticking to a plan, which just I'm really interested to hear, you know, what you see are the key things that drive businesses that are easy to sell versus businesses that are harder to sell. Because I think that's really useful for business owners to understand.

Nikki: Well, the biggest part of it really now is businesses that are transferable and a business will only be transferable if the owner has systemized that business that you or me or somebody else can buy that business. So obviously to have processes and procedures put in place that we can go in yes, we can have the training, yes, we can, we can have a handle. But essentially, the business has to be able to be run and there are too many people who yes, personality is important, but they have to be personalized within their business. And essentially, they are the business. So when it comes to selling it, if that person leaves, what happens to that business, it diminishes. So the successful businesses are the ones that have put their systems in place, we've got a good strong management structure. And solid management structures are always going to be the way where the business can go into any hands. So it can be an investor, it can be private equity, it can be a fund, it can be anything. But if the person is too involved in trades in the business it's very, very hard to not think that that business might diminish when that owner leaves. So setting up the business that anyone can run it setting up a management structure under management system and just making sure that you build in technology these days, the businesses that have the technology, that everything is systemized, particularly easier to quench in your hands.

Joanna: Yeah, and I always say this, but the irony is that the best businesses to sell are also the best businesses to run. I know my listeners will just be so bold with me saying it but isn't it the truth though? You know, I just I really do. I do find that. So we've talked about some of the key things, I guess, for businesses to think about to make themselves valuable at sale. Maybe if we can go back to the point that you have found out that you can come to Australia, you've sold your business. So what happened when you got here in Australia and how is it that you ended up in the world of business broking?

Nikki: Well, okay, so it's a funny story. I arrived in Australia, I decided that I would just instead of jumping into something, I would just watch the landscape and learn how you did things. I mean, even plastic money and you know, the economy and everything else was very different here. The UK was in GFC, it was everybody was struggling. It was just a very poor economy at the time and over here, I remember coming over here

and having the best laugh because students were telling me that all things are tight and we're feeling the GFC and we're doing whatever and yet everyone was still going to like top restaurants for like three-quarters of business lunches and that had nothing like that was happening in the UK everything was being dumbed down. So anyway, I arrived here I decided that I wanted to dabble in property. I call it the expensive hobby I've always bought and bought the business and bought the property and renovated or rented out or flipped or sold and it was just it was almost a hobby, with health care business because I made some really good money and every year I would buy the property and I would do it up and I would scratch that itch of something that was created for me. And you know, and I will decide the value and decide whether to keep it or flip it or rent it out or whatever. And I still got a portfolio in the UK now. So anyway, I was decided I'd go into the real estate license and get that and I went into the colleges here. And about halfway through the course, which was I think was a seven-week course I'm sitting there going, alright, okay, we never had to do any courses in the UK to do property. I heard about the options that were being done at the weekend. And I literally have this definitive moment where I went, Oh, God, stop. What do you mean, weekend? This is a Home and Away lifestyle? I look into being you spending time on the beach with my kids for the weekend. What's this all about? And they said, Oh, no, you have to work as a real estate agent. You have to work all weekend. And I thought, No. And my next question was, what else can I do on this license? commercial or you can do business sales. Great. I'll do business since I get that I just sold a business. I've just sold a couple of businesses, I know what they do, I will go into that. So I went to a few brokerage firms and here in Adelaide. And they were not keen to take on an inexperienced female business broker at one finally did agree to take me on as a trainee. So I've got my start, which thanks to you very much. But that was a little bit difficult. I went around all of them to see if I could get a start. And at the time of particular with any female Business Brokers in Adelaide, so that was interesting. Yeah, that was a real learning curve. Anyway, started with them got some business sales, general business sales under my belt, really enjoyed it. Because I could put myself in the shoes of the buyer and the seller, because I've been in that scenarios on both sides, and certainly the emotional rollercoaster that it can be for a buyer I understand. So that was quite interesting. And then I moved to a new firm. And I was working with a bunch of really established brokers, brokers that had been brokers for 25, 30 years and as the new kid, I couldn't get any decent listings because everything was getting snapped up. They were all over it. They were covered. They had the experience and whatever. And I remember sitting in the office one day we, okay, you know, what do you not want. We didn't want everyone threw to the side was the hair and beauty industry, they were not interested in it. And I thought, okay, let's play to my strengths. I'm the only female business broker, my mom actually was a hairdresser who had about a hair salon. So I understood that business from growing up in you know, my younger years. And I decided I'll take it on, and I'll own it. And that was really what I set out to do. So that was the strategy with sound, I'll take something that nobody wants, and I'll make something out of it you know, maybe I'll make a good situation out of it. So that was it. I worked hard, I invested heavily, I pushed, I saw the gap in the market. And I maneuvered around that. And basically, I just threw everything at it. And eventually, that started to take some legs. So people would start to find me and come to me and say are you must be the guy I need to speak to because you got all of these listings. And every time I see you your name comes up and it started to evolve. It took a while but it did start to evolve and all the hard work paid off. And that's when we got into I got into doing hair and beauty specifically was just because nobody else wanted it. And I thought fine, let's get going. Let's do it. Again, honed my craft, I got really slick at the

questions I got really slick at my industry. I learned the benchmarks. I knew exactly when somebody told me how many staff we should be making. And then when he told me what they were making, I would say, Oh, you shouldn't be doing this business we need to be I really just knew the benchmarking within that industry. And I got to do it really, really well.

Joanna: I love it. So So what do you say some of your secrets to success so far have been in niching and specialization and deep understanding of what we started.

Nikki: Yes, absolutely. So specialization was just how it happened. I am a general broker, I can sell any business but I just don't say I needed to get some stock. I needed to get some listings. You don't make any money in this business unless you have listings and I had to fight through everyone else who already had positioning, understood still market better than me understood you know so I went up to salons and that works that really worked and it became obvious I kind of carved a name for myself and somebody one day called me the queen of salon sales. I kind of cringed when I heard that and then I thought let's actually just roll with it. So I used that as my strategy. My tagline. It became part of my logo and I just I knew that I'd learned the formula to get this stuff done. I was pleasing businesses, understood the strengths and weaknesses of these businesses. And that was that and you asked about my secret, the secret that I feel with Business Broking is too many brokers take a deal and then once they've got it under contract, they leave it be. And I never ever worked like that. I had a giant scoreboard in my office and I would touchpoints. And the first thing I did every morning was I project all my deals, and I could have eight to 12 deals running at the same time. Now with that you've got buyer, seller, solicitors, landlords and management agents, you would have all of that to deal with. And so I would spend most of every morning hitting project managing or what I call deal managing every single one those deals, I spoke to somebody in those deals, every single day, to keep that deal alive until I got it to the point where I go over the line. And I think that's really important because we get a lot of businesses that fall back. And I think that might be my point of difference. I was just on it.

Joanna: Yeah. And you had a process. Do you know what I'm hearing here you've got a process? And you understood business.

Nikki: There was a system, it had a structure, I followed structure, I had a, I just had a plan on how to do it. And it became pretty slick. And it got to the point, I could manage multiple deals. At some point I did have, you know, steam coming out my ears, but there was definitely one every single deal would have an issue at some point. It would fall apart, I put it back together again. But certainly, I knew what the issues were going to be before they actually manifested being an issue. So that way I was always one step ahead of the deals on knowing this is a problem. And this is going to come up how do I jump in and fix that? So I think that might be the only thing that I can say was particularly a secret.

Joanna: Yeah, well and tenacious. Tenacity, I can hear a lot of that Nikki, I can hear a lot of tenacity

Nikki: To get a deal done in the first place and get it under contract. But there was no way I was letting that go. So yeah,

Joanna: That's the thing, that that's the tough thing. But I guess also, you know, that's the benefit for the end customer, which is your sellers, right that you're generally speaking for brokers, you get most of your remuneration at the end when the deals are done. But then that makes you know, that one of the people over and above the seller themselves most invested in getting it across the line, which you know, which I think can be a great thing.

Nikki: Yes, that's the investment in it, you don't get paid until the thing settles complete and the solicitor calls you and says that's it done. And until that moment, it's not done, you're still working, right up. And I have pulled deals out of the bag like I cannot tell you scenarios that I have, you know, the sweat is on at the last minute, and there's an issue and you've just got to jump in and fix it. And I actually quite like that adrenaline rush I get on that's kind of for me, the game, the game of the industry is that winning that and making sure that I despite all the problems that have come up, and so I guess it's kind of beating down all the obstacles in your way. And for me, that challenge says blood pumping, it's great.

Joanna: Well, I have to I really have to identify with what you're talking about here because I, I'm 100% the same. I mean, they really are you know the energy when you're in a deal. And then when there are issues that are coming up, and you can solve them, you know, and

Nikki: That's the secret to good broking is to actually be able to look outside the box, like not all deals are cut and dried. They have to be done in a certain way. And to be honest, you know, the way it works, you've got to have the buyer and the seller, in order to get that deal done. Everybody has to be happy with what is in the play. It's just continually keeping that communication going. Making sure that everyone's on track. And also, you know, they're the best like kicking everyone's ass to make sure we keep moving and to keep doing.

Joanna: Yes.

Nikki: Yeah, sometimes, you know, halfway through buyers can lose momentum and adjust. Sellers can be over it because it's you know, it's an arduous job situation that they're in they're on this roller coaster. Sometimes they lose steam and you know, keeping on landlords to do what you need them to do when you need them to do it. Sorry, do other but solicitors meeting.

Joanna: I get all of those other ones of course. But yes, we deal with them all the time, too. I totally get it.

Nikki: It's keeping that momentum going. Making sure that you're constantly driving it. And maybe that's tenacity.

Joanna: Look, I'm total with you. I completely agree. There's a number of things that you've talked about the deal managing, keeping on top of everyone and keep it moving and you know, the importance of really moving while you've got that motion in the deal you know, because once it starts to slow that can be a real problem to get it sped up again and the emotional rollercoaster I am, you know, it is one of the things that I think is very overlooked. But I just think being aware of the emotional roller coaster for both the buyer and seller is critical in terms of you being able to jump on issues in advance

be ready for them as you're saying, be able to be a bit proactive.

Nikki: It became one of those good cop, bad cop in some scenarios, you know, sometimes I've had people in tears and emotionally, a wreck because of other things are going on you know, people have businesses because of various life-changing experiences and they've had to work in weather that's retirement exit plan, whether that's, you know, sickness or, or just a change in their circumstances. And so we're dealing with the emotions that are coming with that. It's not just them selling the business, it's everything that's going on in their life and sometimes, you know, it can be quite depressing.

Joanna: Well that's it for this episode of The Deal Room podcast where we talked all about the secrets to success in selling businesses, of course with the fabulous Nikki Katz. Now if you'd like more information about this topic, then head over to our website at thedealroompodcast.com, where you'll be able to download a transcript of this podcast episode. If you're one of those people who just like to read these things in more detail there of course, you'll be able to find details of how to contact Nikki Katz directly. You'll also find details of how to contact our legal Eagles at Aspect Legal If you or your clients would like to discuss any legal aspects of sales or acquisitions. Now don't forget to tune in next week as we head to part two of this two-part series where Nikki discusses the gaps in the market, the importance of setting up a system for sale and drilling into common mistakes of sellers when they're putting a business up for sale. So we have all of that and more in part two of our two-part series. Hope to see you at that session. And of course, if you enjoyed what you heard, don't forget to go to your favourite podcast player hit that subscribes button and maybe also leave us a review. Thanks again for listening in. You've been listening to Joanna Oakey and The Deal Room podcast, a podcast proudly brought to you by our commercial legal practice Aspect Legal. See you next time.