



EPISODE
225

THE DEAL ROOM

The Path To Exiting a Recruitment Firm – Decision making during growth and the founder's ultimate exit

The Deal Room Podcast

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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 a very, very special guest for you. We have Nigel Barcham, the founder and managing director at Perigon Group. Perigon Group is a market-leading specialized recruitment firm and one of Aspect Legal's wonderful clients. And in this episode, we talk about some of the decisions that Nigel made while growing Perigon including some of the thought processes behind his ultimate exit, we talk with him about how his exit came to mind what the lead-up to the sale was like and the sale process, including determining the right buyer Nigel and I also discussed strategic decisions, his sale process timeline and some key learnings along the way, along with Nigel's advice to any business owners and even to brokers out there on what helps with the deal process. So without further ado, here's our discussion with Nigel...

Joanna:

Nigel, a huge thank you for coming on to The Deal Room podcast today.

Nigel:

Pleasure. It is great to catch up.

Joanna:

Wonderful. It's so good to catch up, because I haven't talked to you for a while. And I must say, when I work on these deals with clients, sometimes I feel like, you know, you get to know someone very well, it feels like you're talking to someone maybe three or four times a day, all day, every day through the transaction until it finishes. So it's so it's sort of funny, then when it all goes solid, you don't talk to each other for ages. So it's really nice to connect again with you, Nigel.

Nigel:

Absolutely. It's great. I enjoyed the process.

Joanna:

Wonderful. Now, how can we kick it off? Why don't you just tell us just a quick in a sentence or two, just a little bit about the business and how long it's been around? And how it came into into being? Was it your business? Did you start it yourself from a start-up? Just tell us a little bit about that background.

Nigel:

Yeah, great. I guess the Genesis of this was a bit of a combination of my career to that point, which was predominantly on the back end of a stint at a big international company where I actually got to do a start-up for them in a major market being Melbourne at the time. And I really enjoyed that opportunity. And as my role grew, and I took on more of a managing director role, I found out very quickly that the things that I enjoyed most about the job was small, entrepreneurial, start-up growing.

Nigel:

So it was sort of a logical step to go out and have a crack at it, I guess, for myself, and assess whether there might be an opportunity to build my own business. So it's one of those classic start-ups in a spare bedroom of my house. And that was in 2010, just at the back of the GFC. Having gone through a start-up in the in the previous role that was on the back of the .com bubble bursting. And I realized pretty quickly that it's quite a good time to start up businesses on the back end of a pretty difficult economic period, because you typically get a very good run on, on growth after that.

Nigel:

So you know, we wanted to build a business and I had some people who were very keen to join early on. So it was a pretty comfortable sort of scenario. And we wanted to have an entrepreneurial business that took a lot of the good things out of a big global company around strategy systems and training and development and career management and all that sort of stuff, but sort of leave all the big company politics and meetings for meeting sakes behind and, and that's really what we wanted to build as the best of both worlds scenario. And that was 2010. And here we are, nearly 13 years later.

Joanna:

I love it. Well, I mean, you know, great trajectory, a fast trajectory from that, you know, 13 years, you build a great business, and obviously got to that point of exit. So many business owners, you know, spent a lot longer building developing that business, you know, from that, from that start-up point to that exit point. So 13 years is actually quite a quick process, I think.

Nigel:

Yes, yeah. It's felt about right.

Joanna:

And was there a lot of design to that in terms of timeframe? Are you working to a timeframe of exit when you started the business?

Nigel:

No. Very early on, it was never about exiting. I think if you get too wrapped up in starting this company up to build it and an exit, I think you're probably doing it for the wrong reasons. So for us, it was all about having fun. For me, it was all about you know, having something that we could control and we could build the way that we wanted to build it. So there wasn't really an exit strategy as such, early on. We just wanted to, to be able to create a business where, you know, really good recruiters could come in and have a really unique experience and anything down the track was really just seems so far away at that stage.

Nigel:

And it does take a long time to build a professional services business because it's, it's all about people. It's all about building infrastructure, and it's just not a short journey. So, you know, it's an interesting question, but didn't really have that exit strategy in mind upfront anyway, when

Joanna:

When did you think about exit and when did that come to mind

Nigel:

It was around the 10 year period because we grown up really fast and we had three offices at that stage and it just felt like it was a very sustainable business. We focused a lot on building a temp book, which is really good annuity business and that was really harming at that stage. We were rolling out new product lines and you know, we were considering it but not really desperate to do something and then COVID hit and that was kind of a bit of a game changer in relation to well, we didn't know what was going to happen, and maybe we'd build this thing up for 10 years. And thinking if the economy going to fall apart and therefore was everything that we've done going to be back to zero? So that was kind of at a point where we thought maybe this is a bit of a reality check. And once things settle back, we take it a little bit more seriously.

Joanna:

And so then you said, when you when you, when things settle, you take it a little bit more seriously, did that mean, you know, it sounds like that period of uncertainty really sort of had a bit of a psychological impact, in terms of making you realize that there had to be a point for taking some money off the table? Yeah, was that sort of what was going on in your mind at the time?

Nigel:

Very much so. I think there was a sort of a de risking thing. And we really, you know, as hard as COVID was, it was an exciting time, it was a time where we learned a lot and, and when you do the same thing for for 10 year period, you kind of crave a little bit for for something a bit more dynamic. And that certainly gave it to us in spades. And having gone through that process. Like I said, just never did, we realized that while I realized that they just never know what's around the corner, and maybe it's just time to de risk it. And if we could find the right partner where we could continue with going and, and have all the stuff that we enjoyed ie the ability to make the decisions around how we take the company going forward, then that was kind of our ideal scenario, we weren't looking for a roll up acquisition sort of strategy where we would lose brand and lose the magic. And so that was an important part of what we were doing. So it's more of a de risk, rather than a changing of the, I guess the ingredients of emphasis of what we saw a success.

Joanna:

Sound like there was a little bit of thought given, though, to what the right exit path look like, or what the right sale path look like, because even though I'm using the word exit you are still in the business. And you know, so we'll talk about that soon.

Joanna:

Because, you know, exit is such a broad term, but it doesn't necessarily mean leaving, I guess, you know, were you using it in the sense of taking some money off the table. But it sounds like you really thought through what that right succession exit sale plan looked like. And we talked about that, that sort of thought process kicking in from COVID. And when things settled, have you thought at all about that before, as you're growing the business? And you said you didn't think about it right at the beginning. But was there any point prior to COVID, that you thought about building the business in a particular way that met what you thought the right sort of exit or sale would look like.

Nigel:

I think we wanted to go internationally, I think we wanted to be able to have a very strong back office. And we were just never big enough to be able to justify having a large back office. So you know, we we talk a bit about de risking your financial position, but But it's certainly much more than that.

Nigel:

So I think it is important not to see it as a as an exit strategy, because it's not so much it's for us, it's more of a growth play, whilst de risking, and it just felt like the time where we should be, I guess, trying to find an organization that could help us accelerate growth, accelerate careers, because, you know, organizations can get a little bit stale. And we just, we wanted to just shake things up a little bit as well post the post the COVID side of things. So with that said, this is an opportunity where we could we could grow faster, we could build people's careers better, we could actually get better performance out of the organization, go into Asia at some point perhaps, or make an acquisition of a business to be able to just be able to take that next step. Yeah. And it's an important thing to think through I think as you as you're looking at going into partnership with another business, which is certainly the way that we see it.

Joanna:

Yeah. Okay. All right. And it's funny as you talk about this, you know, they often say, I've heard tell, you know, people talk a lot about this seven year itch with marriage for business. I think it's a 10 year itch. You know, I do see this time and time and time again, at this sort of 10 year point, you talk about COVID being the trigger, but I think 10 years is, you know, being business impact decline aside, I think 10 years is a point anyway, for some reason where So many business owners sort of hit this juncture of where am I going? You know, what am I doing? What do you what is it next almost like you know, it's become a bit stale because I've done this for 10 years, you know, what does what's a bit new and exciting for the future? So it's fascinating to talk about this 10 year point.

Nigel:

I agree with that. And I think, you know, there's only so many ideas, even if you're very kind of creative thinker or grower in a really commercial business thinker. After 10 years, surely, you're almost out of ideas. Right? So I think for us, it's how do we how do we just get more I get stimulus to go out and do different things. And I think, you know, when you join an ASX business or, or a large corporate, that's kind of what they do, they push the stimulate new thinking, and we're already seeing that. And there's just more ideas coming in. So I think it's really healthy for an organization and perhaps not too healthy. If it's the same person running the business for 10,15 or 20 years. Without getting more support, or without getting challenged by a new force, that's positive.

Joanna:

I want to talk a little bit about you know, your prep for sale, once you actually sort of started to get that thought process in. But before we get that, that to that you mentioned, selling to a large corporate or, or in the benefits, I guess the opportunities of a large corporate someone with, you know, for you that international expansion, opportunity. But you know, there's sort of there can be two sides. And it's interesting from my perspective, because sitting in in the deal, and, you know, it was very quick deal for this sort of size deal.

Joanna:

But I had a really good impression of all of the parties involved. It was, you know, it was one of those and you do get a really good sense of, of parties, when when you're sitting in the around the negotiation table, you are seeing how parties deal with getting through a transaction. But what I'm interested in your thought process of when you were looking at who might the right buyer be for our business, were there any positives or negatives that were sitting in your mind in relation to dealing with a corporate buyer,

Nigel:

I guess things with sitting in our mind as we didn't want it to be a big a really big organization are a big global company that likes to just steamroll. And well, this is why we do it in the US. So this is the way we'll do it in Australia. And this is why we do it with this acquisition or our broader business. So you're coming into the fold. So that was one thing. And I've spoken to a number of peers, out in the, in the marketplace, and, and the ones that seemed happiest, and where there was the you know, the desire to remain engaged with the business and see it as a kerosene on the fire kind of deal that it was when it was a very well run business, but had track record in if it's going well.

Nigel:

And if it's successful, that they just help support it, rather than try and change it or integrate it. So that was one thing that was really important to us was a good culture fit. An organization that had a good track record, in being able to help grow businesses, and ones that supported the things that we're working. And we're happy to trust you to be able to continue rolling out those sorts of business practices.

Joanna:

It's interesting that you say culture fit because my perception is the clients that I speak to who have the most positive experience, you know, post completion. Are the people who have thought strongly about culture fit right from the beginning, which is interesting, you know, because it's not, it's not always an element that's talked a lot about in this area. But to my eyes, it actually is something that is that seems to be critically important.

Nigel:

Yeah. And I agree with you. I don't think it's something we really thought we've got to find the right culture fit organization. But I think through the process and having spoken to a number of organizations who were looking at, you know, exploring us as an asset. The more we had those conversations, the more important the culture fit was because, you know, as we point out, this is not an exit strategy. This is a growth play. So therefore, it's critical, if you don't enjoy turning up to work with everybody through earnouts and beyond, then it's going to be a long 2-, 3- or 5-year journey. And it did become very, very crystal clear as we started making some decisions around who we want it to partner up with that culture fit is what we see is one of the most important things when we're bringing people into the organization. So why shouldn't it be the most important thing terms of organization of the organization culture, and I've been very, very pleased with our decision, because I think the culture fit is fantastic. And I don't know whether we would have got a better culture fit with the people that I deal with every day, certainly the broader management team that I get to interact with, it's extremely comfortable. And it's a really good outcome to be able to say that,

Joanna:

Nigel, that's absolutely fabulous because there's a lot of discussion in the industry, people I talked to who've sold businesses, not through us who may not be happy with the earnouts. And the, you know, the relationship with the buyers post sale and the new management team, you know, and quite often, I think it comes from the fact that when you've built your own business, for a significant period of time, it can sometimes be difficult to fit into the business of someone else and have someone to report to, but obviously, you know, it seems, you know, in your seat, that you're finding it all the positive at the moment, and not struggling with any of those areas that sometimes entrepreneurs do struggle with, after the sale of their business.

Nigel:

Absolutely. And I think that's why it's so critical, because a lot of people when they're selling any sort of asset are just so how do we get the best price for it? And we're still talking about business, we're talking about people, businesses, which is what ours is, and anything in professional services, it becomes even more important. And yeah, I think it's important for an acquirer to ensure that the culture fits very important. And I think they really do focus on that and understand the importance of it, I'm not sure that the sellers necessarily understand the importance of it. But from certainly my perspective, it should be just as important as the acquirer wanting to ensure the culture fit, otherwise, the transition is not going to go well. People will become disengaged at the top. And then if it becomes disengaged at the top, then it flows through the organization, and it's just not going to work out and nobody wants that.

Joanna:

You're absolutely right. Particularly, you know, when you'll be staying there on board for a while, you know, for anyone who has an earn out, and you know, any significant transactions, you know, generally there will always be a component of earn out and then period of time, where you stay on with the business.

Joanna:

Everything that you're talking about now is just such important information, for sellers who are sort of entering into the process now starting to work out what they need to be thinking about.

Nigel:

Yeah, I think if you can go in and say, I'm coming into this, and I see a long term horizon ahead of me, I think you're just getting everything off on the right foot. And you can't have that horizon if you don't like the people you're turning up to work every day with. And I think people can talk a lot about how happy they are with the acquisition now four months in, and how smoothly it's all going. And we have not lost one member of staff through that first four month period, let alone lose a member of staff that wasn't happy with the culture or the organization that came in, so that will be pretty rare. I would suggest,

Joanna:

Oh, absolutely. It's a great walking example of a fabulous transaction, Nigel, I really think that and, you know, one of the other things, I think what you're talking about hearing the way in which you approached it, you know, psychologically was looking at these for the future into the future, because and I think part of that fits with the timing of sale, because many business owners come to the point of sale when they're tired, and they're done with the business. So it can be very hard to envision that period of time post sale, still being there with the business and it's almost like they're chained to the business for the period of time of the earn out rather than the way that you talk about viewing the sale as being part of the growth and part of the next step. And it is I really I think it's a function of timing of sale in part of what you're talking about here as well.

Nigel:

On that point, I think it's a really good point, I think if people get to a stage where they are done with what they're doing every day, and therefore become desperate sellers, I don't think they actually see the wood from the trees on that front and probably make mistakes. We were very lucky in that, if we didn't sell it. It's so what, almost, because we have a we had the culture was as good as it's ever been, the infrastructure was as good as it's ever been, you know, coming into this year, the results are significantly better than they've ever been.

Nigel:

So for us it you know, we weren't desperate to do a transaction. But if the transaction was right, then we would absolutely go forward with it as we did, but you've got to be in that frame of mind to say, Okay, well, I see that long term horizon that I keep talking about, rather than how do I exit my own sort of job. And it's a it's a very different mindset. And I think it puts you in a very different frame of mind when you're going through the transaction.

Nigel:

And when you're, you know, you're you're looking for that, for that business partnership. So yeah, timing is everything, and you gotta have still lots of energy to go. Otherwise, it's going to fail. And I think acquirers would probably see that anyway, if you leave it too long.

Joanna:

And I guess, you know, part of what you've talked as well about is about that emotion of sale, and sort of taking away that emotional element of I just need it to be done. It just need, I guess, you know, you were there with the philosophy of I'm here, because I want to be I'll do the deal if it's the right deal, not because I have to do the deal, because I've got to get out.

Nigel:

And it puts you in a powerful position as well to be able to be really fussy about who you decide to go forward with, or be willing to walk away. And it's a, you know, it's just, I think, an important mindset, when you're when you want to be fussy about what you're doing going forward because he wants to be miserable at work every day.

Joanna:

Well, do you know what? It's all day every day? I'm totally with you, you've got to you spend so long in there, you've got to love it. You know, it's such a good point. Okay, so then let's go back to when you started to think about sail in that, you know, it soon after the post COVID. Hitting time, I guess we can't say post COVID I still feel like we're right in the middle.

Nigel:

Yeah we are still there. Hahaha.

Joanna:

I don't know if we'll ever be Post Covid. But that initial period, when you thought about sale, the idea was on the table? Like what then what did you do? How did you attack it?

Nigel:

So our view was, we needed to find the right adviser, somebody who we thought was going to work really hard for us, but get the situation that we're in ie, you know, we're not going to be desperate seller, so it may or may not happen. So that's important is to get the right advice a week, you know, I've always focused on running a really tight ship and running a business that, you know, is professionally run. And that's always been important to me my entire career. So the business was sort of set up ready to go, we knew that there was you know, really strong management, we knew that there was strong engagement, that the business there was no surprises that we would expect through due diligence.

Nigel:

So all that was kind of done. And it was done even without this in mind, just because it's the right thing to do to build a strong business. So for us, it was like finding the right transaction advisor and ensure that the timing looked pretty right as well. And because business came back so well, after COVID, we had some very good financial results to work with, which was going to give us a pretty good valuation. And we saw that there was going to be a lot of forward momentum. So good time to be, you know, impressing a new owner and giving them some really good financial results and some confidence that they've done the right thing as well. So it comes down to for us it was around timing and the right adviser to get going. And then moving into the process of you know, who could be a right, the right fit and going through that process.

Joanna:

And so it sounds like you were you were running the business in a sale ready state anyway, you know, and this is sort of a mantra we talk about, and here it is in practice, I guess the benefit of it being that you didn't have to spend, you know, years getting the business ready and tidy because you're running it in that state as awards which is you know, a fabulous, fabulous reflection on the way you ran the business but also guess on the benefit the act of the benefit

of it was that when you had the idea of selling, you could move straight into the process to the sale process. Rather than having to spend years getting it ready.

Nigel:

Yep. And I think it's just the right thing to do. I think if you're going to run a business, just getting it right from the start and getting the right accounting firm and the right legal, the right support around you, and if you can't do it yourself, ensuring you hire the right people in who can help with your blind spots. So I just think, if you can focus on it, when it's small, running it really professionally, and as if there's no surprises, then you just you just grow with it. But yeah, I think that's a very important piece. And when you're going into due diligence, you're going pretty confident. Because due diligence is a brutal process, even if you're pretty comfortable with what's under the bonnet. So you don't want to be worried about...

Joanna:

So what was that about? The, you know, you're talking about due diligence is a brutal process at the end of the seller would 100% agree with you there?

Joanna:

But you kind of get it, you came at it from you know, a great standing start. But what is it about due diligence that you found? Most difficult? What were the most brutal aspects of it?

Nigel:

Well, I think the first thing is you are, you've got to be careful with who you trust, let's go into this because it might lead to nothing, right. So and, you know, wrongly, and I say this wrongly, people believe that you know, as acquisitions and transactions is negative news, because everything's going to change. And, and so there's always a very negative stigma, stigma attached to being a seller being acquired. So as a result of that, I had to be very careful about who I could let into the circle of trust, and we didn't want any leaks. So as a result of that, I felt that small that group of people was, the better. And what that resulted in was, me having to really drive the due diligence process with almost solo, that's a pretty big thing to take on and much bigger than I than I ever would have expected. Because you think, well, how complicated is this business like, they can be that too much, but there is a lot of detail that these companies go under, and they should, because they've got, you know, accounting firms who do this all the time and throw you a lot of very detailed stuff that you think you're across the business, and I'm a finance guy by background. And I've run much, much bigger recruitment companies than I've built. And even then you go, wow, the detail, you're just not necessarily across it all. And you need to get across it very, very quickly. So a lot in a very short period of time, under a normal amount of stress. Because you, you're always concerned that you know, is there something I don't know? And is this going to quash the process? And am I then going to let down the people who are already in the circle of trust, and it's a very, you know, emotionally draining process, but you learn a lot. You really learn a lot.

Joanna:

Well, and I'm going to ask you about that in a moment. I really want to know, you know, what it is that you learned along the way? But how long was that process? Would you say from start to finish?

Nigel:

In terms of due diligence?

Joanna:

Oh, no, sorry. I mean, you know, the process of finding the buyer, finding, finding you transaction advisors, finding the buyer, and then you know, to that final part.

Nigel:

So we would have engaged around June of last year, around next stage of the processes, then start identifying who the hit list is, and then going out and knocking on doors so that that process takes probably four to six to eight weeks. And then you get, you know, the expressions of interest, and you start having those conversations, and that's the beauty parade. Things go on, but you know, it's it's both sides. So we're sort of sussing them out as, as much as they're stressing us out because we weren't sort of desperate to do anything. But that would have been another would have taken us through till probably September, October. And then November. You get to a point where okay, this is our preferred option. It feels right terms are right culture fits right directions right. And then that due diligence process is probably 10 weeks.

Joanna:

And look that's not bad, 10 weeks due diligence, you know, as you say it was brutal, but it was only 10 weeks of brutality. Well, and of course, then we had, you know, contract negotiation, which is its own version of brutal.

Nigel:

Sure was. Hahaha

Joanna:

But, you know, but it was a fairly tight process. So you went into due diligence in about November, and you went through, you know, to a completed contract by what was it? mid February?

Nigel:

Early or Mid February. Yeah, early, maybe about that right.

Joanna:

Yeah. So, I mean, you know, that's a pretty tight process three months from the beginning of due diligence.

Nigel:

But I think that gets back to also as well, the fact that we were DD ready, and had been for a number of years, I think, if there was surprises and, and issues, it probably wouldn't have gone so smoothly. And I think we were both really, you know, we were both very engaged on the process. And they wanted us and we wanted to work with them. So I think that helped as well, there wasn't a lot of reservation around. We don't like these people, they don't like us, it was the culture fit was very clear very early on. And was much stronger than I was expecting.

Joanna:

And, look, I think it's a great thing, I talk a lot about the importance in keeping up momentum in a deal. You know, when you have buyers who could be out there, you know, buying other, buying other businesses at the same time, it's important to keep them engaged in your deal, rather than, you know, distracted by other deals that they might be doing. At the same time. I think some of the things you talked about here, you know, you being in on the DD, you know, obviously you hadn't well prepared for DD, but then you were in there, yourself taking ownership, I think all of this really contributes to helping keep that deal momentum, which I think is actually quite critical. So you don't get to that deal fatigue process, which is a pretty horrible point, if you're getting to that. So, you know, whether you know it or not, I think you did a lot along the way that really, you know, that really got behind that momentum.

Nigel:

It was brutal, but it would certainly get deal fatigue, because we, we could certainly get things done. And it's just you've got to put the hours in and, and be ready for it and have the right advisors as well, I've got a very strong accountant who was just brilliant through the whole process. So, you know, they helped a lot in in resolving any of those questions that I didn't, you know, from a tax point of view that I just don't have that sort of capability.

So yeah, again, it's important to really like the third parties that you have to deal with as well. Really important.

Joanna:

That's that's a really interesting point, isn't it? I guess, when you're engaging with advisors, you're talking about the importance of engaging with the buyer who had a cultural fit. I guess it's the same with engaging with advisors as well,

Nigel:

Again, you spent a lot of time together, and you need to, obviously trust that they can get it done. But enjoy working with them as well. Because it's a lot of hours.

Joanna:

You spent a lot of time together. Yeah, that's a lot of phone calls, hopefully maybe like speaking to Yeah.

Nigel:

Really important.

Joanna:

Okay, and then just one more thing in sort of the presale, what do you think the buyer was specifically looking for? That they that they found in your business?

Nigel:

Well, they were looking for our particular product line. And from our understanding, they spoke to a lot of potential businesses and they spoke to a lot of businesses in the market. And they felt that we were the market leader in the professional services and banking and accounting and technology space. So that was the first thing they were looking for. But it was a strategic fit. It wasn't just we like your business. We think it's got a good avatar and great growth potential and right culture fit it was it was that was important was to what is the strategic fit for us. So they wanted that and they felt that we were the most logical size punched above our weight in relation to you know, results per recruiter. So that was the first thing. Second thing is really important is for them is the culture fit and conference they've got in the business in the way that it's run and that there are good levels of management below I just the owner or the director team. And the growth potentials were still relatively small 40 odd people is still a huge amount of expansion. When you're buying a business about 40 people

Joanna:

Fabulous. Okay, wonderful. All right, so what would you say in the sale went well? And on the flip side, what do you feel if if you knew in advance, you might have done differently leading up to the sale?

Nigel:

So I think what went well, was some of the things we've already talked about, ie just having a business that's ready to go. Timing is you're not desperate to do something. You focus on going into business where you see a long term horizon, which gives you lots of options, and everybody wants options. And everybody wants to enjoy what they're doing every day, regardless of the ownership structure. So I think they're all the things that we do. And we probably learned along the way that the culture fit was probably a much more important thing, then, perhaps we initially discussed or I initially thought, in terms of what didn't go well. I think it was just such that as you point out, it was a very smooth process in the end, you know, I don't think Oh, would have wanted to do it sooner.

Nigel:

I don't think we wanted to have done it later and missed an opportunity. Yeah, I really can't think of anything that we would have done. It's not a great answer. I know.

But there's just nothing that I can think of that I could, that I would have, with hindsight wish we'd done differently, because it's just went really smoothly. And we're very happy with the outcomes. And

Joanna:

In having come to that point, do you feel that you got to that point? Because you feel you were somewhat educated along, you know, prior to into entering into the sale? Or was it nothing to do with like, did you know much about the sale process before you started?

Nigel:

No, not really, because I hadn't made an acquisition in previous companies. And, and we hadn't really been approached before or gone down that down that track, actually, I've just have thought of one thing that I wish I'd done differently. And that would have been be far less paranoid about how people were going to feel about the about the situation, because I was just so worried about that. And I was really worried about announcing it. And it was churning my stomach up for months. And every conversation was, Oh, my God, how they're gonna feel. But so with hindsight, you know, I just think if it feels right, believe that it's right. And believe that people are going to trust you that that you wouldn't have done this on this was going to be in their best interest, as well. And you know, I think, yeah, I think with hindsight, I should never have been anywhere near as paranoid about about the announcement and the conversations, because I was very worried. And I had no reason to be in the end.

Joanna:

Fascinating. Wow, there you go. I love that. That was the that was sort of the sort of one and only thing that that you mentioned. That's just, that's just fabulous. I love it. So was there anything that happened in the sale process that you just weren't aware of? So you didn't realize that this is how sales work? Was there something that anything that popped out at you, in relation to the things that you think would be good for business owners to sort of know, moving in, and we've talked about timing, and we've talked about culture fit and those sorts of things, but just anything else about the process as a whole,

Nigel:

You know, I wasn't expecting the due diligence process to be anywhere near as intense and as detailed. So I think if you're going to go into this, you've got to be prepared to get here with questions you have just were not expecting to be hit with and, and that you might not be across. And I think you know, as much as you think you're across your business, when you start going into due diligence, you'll be surprised about, you know, maybe you don't know everything when it comes to like insurances as one example of complexity. You know, the award process and contractor rates and those sorts of we were thought we were pretty good on that. But you know, even lawyers used to say to us, we're not really sure whether they're this or whether they're that. So there's just a lot of ambiguity and a lot of things that they you're thinking if you think you know the answer, and you think you've done the right thing you're meant to. You've done things in good faith, but have you really, so I think that's one thing that I that I did learn. And I think the legal process, to be fair was probably more complex and difficult to sort of work through as well. So I think yeah, there was just some there long documents, so being able to get across those sorts of things is very, is very challenging. Sounds much more complex as well.

Joanna:

Yeah. It is interesting, isn't it? Because Of course, you know, I guess business owners, business builders don't really have any reason to understand the length and complexity of, you know, a sale document, particularly, you know, when you're selling to a sophisticated buyer who has a set of templates that they perhaps have used again and again, and again, you've never seen before in your life, and they can be very long documents. And I guess that is one thing, you know, you never sort of sit there thinking, oh, gosh, I never realized I'd never actually even you know, coming up to the process, I never even realized what was was in these documents, because there's a lot of words, and there's a lot of warranties, you know, was that something that surprised you?

Nigel:

Yeah, it's very much I think, you know, you again, you go in and you think, Okay, well, they've done their due diligence yet, you know, there's still a lot of risk. So you need to have be very confident in your business. Because even if you get through due diligence process and get something sorted through then the warranties are like, I'm not not worried now, because obviously, we were with through things. And there's us thinking, Well, what else could they kind of find that could result in a warranty claim against you? And how keen are they to try and find those sorts of things in order to maybe recoup? You just don't know. Right? But that was, that was something I wasn't expecting. Just how much you've got at risk. It needs to be right. Yeah,

Joanna:

Yeah, it's a really good point. Because it's, it's not something unless, you know, someone's getting, you know, really educated about the sale process. You know, it isn't something that's obvious from from the outside, I guess. And even if you know, people who've sold business, you know, people don't really sit there sort of talking about, well, this is how many pages my contract was. Perhaps you try and forget it afterwards. And so I guess, you know, on that note, you know, you mentioned earlier as we were talking about the things that you learnt along the way, so we talked about the in we talked about a lot of those things are things that you weren't aware of at the beginning.

Joanna:

Are there any other learnings that you can share with our business owners or even acquirers? You know, who are listening in because our audience is full of advisers, buyers, sellers, and, you know, even accountants. So, you know, I guess looking at it from both sides of the fence there any learnings or insights that you think are worthy of sharing?

Nigel:

I don't think there's anything that we haven't discussed already. You know, I think we've talked a lot about the things that I learned the most that I found most challenging. Without rehashing what we've already spoken about, this is nothing that I can think of that's gonna provide any real insights.

Joanna:

But well, that's great. Do you Do you know what I think that indicates that you're, you know, you're someone who went into this process with whilst perhaps, as you say, you hadn't spent time understanding or getting to know, the sale process before you went into it? You knew a lot about your business, you knew a lot about what you wanted as the outcome. And, you know, and that gave you the path to get there. I think. And, you know, maybe that's sort of the the end note as well, to this whole discussion, I just think you always had a very clear idea of where you're going with it all. But also clear parameters. And I think perhaps it helped a lot that you didn't have the emotion of this must be done. Otherwise, you know, there was a fallback for you, which was just fine in your eyes. But I think all of that contributes to a level headed approach to a process without emotion taking over and being able to see not just your side, but the buyers concerns along the way as well, because that really helps with the negotiation. I think when both parties are good at understanding the perspective of the other parties.

Nigel:

Yes, Absolutely agree.

Joanna:

Well, look, Nigel, I just want to say firstly, a huge thank you for coming on to the deal room podcast. And secondly, a huge thank you for being a client that I really enjoyed running this transaction with you. It's, it's, it's, as I said at the beginning, it's sort of a period of time when you get very close to someone who spent a lot of period a lot of time on the phone

Nigel:

I had a lot of fun with it as well.

Joanna:

I enjoyed it. And I'm glad that you have gotten to the end of the transaction, you know, talking about having enjoyed it, because it's not always an enjoyable process for people, particularly if they hit that deal fatigue point. But it's lovely to hear that you enjoyed the process and reflect on it positively and fabulous year that, you know, you, you're enjoying being in the business and being in business with the buyer. You know, moving forward. It's just such a great story.

Nigel:

Thanks, Joanna. Really appreciate the opportunity.

Joanna:

Wonderful. Thank you, Nigel.

Well that's it for this episode of The Deal Room podcast. If you'd like to contact Nigel Barcham and the Perigon Group then make sure you check out the links in the show notes below where we link straight to Nigel and also provide information about Perigon group. 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'd like to read it in more detail there you'll also be able to book him with our Legal Eagles at Aspect Legal if you'd like to talk about how we can assist from a legal perspective in buying or selling a business. Well that's it I hope you enjoyed what you heard today.

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