



The graphic features a yellow background with a circular portrait of a man with a beard and a dark blue shirt. To the left of the portrait, the word 'EPISODE' is written in white, underlined, above the large number '232'. 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 'Creative ideas in business broking - innovating through challenges' in white.

## *The Deal Room Podcast*

### Episode 232 - Creative ideas in business broking - innovating through challenges

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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 commercial legal practice Aspect Legal. Today we have another episode of our innovation series which I am super excited about because I do love talking about our innovation series. Today we have Keiran James, who is a registered Business Valuer and the Co-founder of Businesssales.com.au, talking all about the issues that he had identified in his other business partners identified in the business broking industry and the innovative ways that they had sought to deal with these issues. So in this episode, we really dig into some of the bugbears on the side of business brokers as they're driving deals forward. And how Keiran and the team at businesssales.com.au had sought to innovate to deal with some of those issues. Well, without further ado, here we go with Keiran.

Keiran, welcome to the podcast. So good to have you on the show.

**Keiran:**

Thanks Jo. It's great to be here.

**Joanna:**

Wonderful. Okay, so what we're talking about today is another fabulous edition of our innovation series. And we're talking to you today, Keiran, in your capacity of the new business [businesssales.com.au](http://businesssales.com.au) and we'll talk about that in a moment. But the whole concept of business sales don't come to you came out of innovation. And so what I really want to drill into is, what are the problems that you're seeing? What are the problems that you're trying to solve? And how did you go about coming up with that solution?

And there were heaps of things that we have talked about in the past that I'd also then like to come back to things that you do in the broking business I get and we're going to have to sit back in a moment and give a bit of background we will do that. But the zero fees, the verification has the ID in real-time. The buyer profile is a document that you use. I love this all the different innovations in broking, but then you went one step further. So how about we start at the very beginning? As I can't even remember What's that song? You start at the very beginning, it's a very good place to start. No, I'm not going to launch into the song don't worry, Keiran I wouldn't do that to anyone.

**Keiran:**

I was getting a little excited to hear you sing Jo.

**Joanna:**

We've got quite a few people on our team who are offshore in the admin and marketing side. And they love karaoke. So I think we actually have got a virtual karaoke session happening tonight. But anyway, like that is so unrelated to the topic.

**Keiran:**

Virtual karaoke sounds fantastic.

**Joanna:**

Virtual Karaoke, here we go. Yeah, Anyway, back to a very good place to start. So you started, as with Merchant, Merchant Business Brokers or Business Brokers, so they started off as Business Brokers, but you have moved into something a little bit different? Why don't you start off by talking about what the problem was that occurred to you and what you're trying to solve? And then how you went about solving it?

**Keiran:**

So I guess if we start right back at the beginning, my partner Ian who have been broking full time for 30 years, and there was a whole bunch of problems that we found that were just clunky and slow in the process. So going through the whole buyer qualification steps. So typically, if you're selling a business, you get an enquiry, and then you send them a confidentiality agreement, and then they sign it and then you get that back. And there's always very little information. And so then you've got to call the buyer to find out, you know, are they a good fit? Because you don't want to necessarily release all your vendor's confidential information, without knowing who this actual person is? Are they going to be a good fit for the business?

And so that was something that we were spending heaps and heaps of time on, it was really frustrating. And so we started down this path of, well, how can we smooth this right, and the first step that most people do is, you go to a DocuSign, or something like that, to make your NDA process a bit faster. We built some software that would read emails and automatically send out the confidentiality agreements for us straight out of our system. So even in the middle of the night, the buyer would have it within a minute. But then, I guess, one of the real innovations for us was when we decided to build a buyer profile tool.

And so this is in business sales, which is our business for sale website, which we're a part of, but it's not just for our brokerage, I should say that, and how it works is when a buyer comes to

the site, we ask them a lot more information. So things like when are you ready to buy a business? How are you going to fund it? What skills and experience do you have?

Have you honed a business before or worked in management? And really what we're trying to answer is - Is this by going to be a good fit for the business? Yeah, we've put a title on that. And what we've found is that when we're getting these buyer profiles back, people are actually buyers are actually great, because they have been frustrated by the process as well. We found this when our buyer enquires, or typically acquires a few businesses and ends up having that qualification conversation with multiple brokers.

So I think one of my favourite stories about this was about a buyer who was an employee, so he would inquire and do business on the NDA. And then the broker call him to go through the standard kind of qualifications questions that everyone does, and you know, 20 minutes, half an hour, so we'd have to walk out because he didn't want his boss to know that he was looking at buying so he was trying to, you know, take these calls on his lunch breaks. spend like two hours on the phone just to find out that these businesses weren't even suitable because they didn't quite, you know because obviously the ads are written in a confidential way and so solving that problem for buyers was actually something that we were quite, quite proud of as well. Does that make sense?

**Joanna:**

Yeah, it does. So you started off with the problem that it was taking you such a long time to qualify these buyers, you found a way to automate it through the system. But then you found that the side effect of this was that actually, it was creating a better process, not just for you, but also in terms of the efficiency that it was able to create, but also for the buyer experience. And you know, and then how did that help? At the end of the day? Does that mean that you know, buyers preferred to come to you guys, or I guess this sort of has fed into the platform that you now have, that brokers use? Is that right?

**Keiran:**

Yeah. So as far as part of the business sales platform, and so those profiles that a buyer fills out, like exist for any broker. So if the broker is on business hours, and they inquire, the broker gets to see that profile, so it's one, the buyer only hospital at once then any broker on the platform gets access to that when they enquire.

So it's a massive time saving for the buyer. But it's also a massive time saving for the broker because you're not having to have these. When you go to your vendor. And you go, Hey, I've got to sign confidentiality here. It's from Joe Blow. But we know that he's worked in the same industry before he's been in management for five years. He's got cash, and he's got equity in his house. And he's ready to go now. And so all of that information is telling you that this is a higher quality buyer than you know, someone who just submits and says I don't have any money. I've never worked in management for I never owned a business, but I'm ready to go.

**Joanna:**

Yeah, they say I'd like to give it a crack. Yeah, yeah. And they say I think I want to buy a business today.

**Keiran:**

10 Million Dollar Listing, no money, that's fine. They kind of tell me more about the buyer insights up to time with the tire kickers.

**Joanna:**

Great. Okay, I love it. I love that innovation. So what else? What are the other pain points that you had come up against? And we're trying to solve?

**Keiran:**

The next step in this was for us to think about when you get an NDA. How do you know that? You know, the person who has the name on the NDA is actually the correct name. How do we

know that this is a real person? They didn't just, you know, sign it off. John Smith...

**Joanna:**

Joe Bloggs.

**Keiran:**

Exactly right. When you say John Smith, always get "oh you're not a real person". So what we did there was the first kind of step is okay, can you send us a copy of your ID, but obviously, with data breaches and whatnot, we didn't really want to be responsible for storing ID on our files, right? I just slapped it in Dropbox isn't really secure.

So that's something that we wanted to avoid. And we wanted to make sure and of course, if it's a scan, you can't even check whether it's the holograms and all of this work. So what we did was we integrated our platform directly into the government databases. So you know, when you use a bank website, and you can put in your driver's license number and the card number and expiry, and that it can't, and then they go, Yeah, you're a real person.

**Joanna:**

Yeah.

**Keiran:**

That means that we check the records against the government register. So even if someone shows you a bit of plastic, we're checking that those numbers are actually correct. And it's all a legitimate person. It also means we don't have to store the driver's license, which comes with all these owner it provisions because all we get back as we get it, I code back from essentially, in New South Wales and servicing South Wales that says, Yes, this is real, and we've time-stamped it done perfectly. And that code doesn't actually hold any personally identifiable information. We just store the verification code. And so it's much more secure.

**Joanna:**

It's I mean, you know, and isn't that the topic on the minds of everyone at the moment? You know, are my systems robust enough? And what information am I holding might get hacked into? Because I mean, some huge examples around at the moment. So I love, this verification process rather than new holding the information, use this third party supplier. And an all you need is the verification number to show you, you've run that process,

**Keiran:**

And it's great. We can verify. So not just driver's licenses, passports, and Medicare cards, they're fairly easy. We can also do visas. So often, particularly, there's like the section 188 Or is it the triple eight a visa? That's a business innovation visa. So what that means is people who are not non-citizens can come in they might not have a driver's license, but we can verify them by their visa number. And my personal Favorite is that a good friend in New Zealand can come to Australia without a visa. So we actually integrate into the New Zealand passport office as well. So basically, if you're physically in the country, we can, there should be something we can verify. Right yet sure that I got real people. I'm quite proud of that. You can tell that my nerdiness is coming out.

**Joanna:**

I do recall from past discussions, that you love a bit of a process. I love that bit of a process absolutely 100%. Okay, fabulous. So what else? What were some of the other problems that you'd seen and wanted to solve?

**Keiran:**

The other big one was when we are dealing with vendors, often selling the business takes some time, right? By the time you, you prepare the IRM you get you get last year's financials, and then you get it listed, you deal with buyers, and then all of a sudden you get down to contracts and they go, Oh, can I have the last three months financials place, it was always just really

talking to you because you'd email the accountant.

And then the accountant would never get back to you until you email them again and again, ends up taking like a week and a half just to get financials really frustrating. So we just built a Xero integration. So what that means is the vendor authorizes you as view only access through the platform. And then all of the financial statements, like at 1am, every morning, we update those. And so you've always got up to date financial Australia to zero available.

So the buyer asks you how their business is trending, you've actually got that information right there at your fingertips. So that, you know, yep, sales are still where they're at. And all of that without having to chase up the account and then chase up the vendor or the chase up the account and then chase up the account, you know, all of that kind of running around is just gone. So it's a massive time saving through that through the actual sales process.

**Joanna:**

Wow, and how to deal with the risk that you know, there's some sort of error in the information that's going into the accounts, because I guess if it's real-time feeds, then there's not that sort of end of quarter checking process or end of month checking process, that would usually be done on accounts to, you know, to make sure they're all correct.

**Keiran:**

So we'd always recommend that you don't use yesterday's account. So even though we have it will separate out for the end of the month for you.

And we can also see the reconciled data, so you can make sure that the transactions are reconciled.

But you're right, that is one of the downsides that you do need to just have a look at those financials and make it really clear that, you know, we're providing interim figures with these end up obviously, they won't be they won't have depreciation in the accounts they won't have, most of those end of year adjustments won't be done.

So it is something that as a professional broker, you need to you do need to be across.

**Joanna:**

And whack disclaimers all over.

**Keiran:**

And so this is a good plug for someone I know who's a good lawyer, too. Put disclaimers around any financials that you provide, obviously, coming directly from the vendor.

**Joanna:**

Yeah, yeah. Yep. Brilliant. Okay, wonderful. Well, that is just a brilliant list of innovations there. And, you know, I guess the innovation itself, from moving from being business brokers to moving to a platform where you are a service provider, to business brokers, that's an innovation in itself, maybe just talk us through, why, and what's the reason for that, and what that looks like now, in terms of the platform,

**Keiran:**

I guess, it all comes back to you know, sitting around our lunch room table we're going, There's got to be a better way to solve this, right?

Joanna:

to solve which bits?

**Keiran:**

to solve all of it, right, like the whole, the whole chain, we were looking at, you know how there's so like, the processes are so clunky, in our office, and then once we started down the path that

we could build these tools, but to be honest, they're enormously expensive. And that's with me, who knows how to program.

We still have professional developers, we have to get involved, you know, full-time guys running these things, is enormous, enormously expensive to build these kinds of tools.

And so yeah, we kind of looked at it and thought this is something that we wanted to do for ourselves, but also that we wanted to do for the industry. Ian and Shane are and obviously the former president of the AIBB. Shane's has been broking almost for 20 years. And really, we wanted to have something that was built by us for other brokers to go we understand the problems that are unique to brokerage, right? These tools don't apply to real estate agents or anything like that. They're specific to the profession of selling businesses. And so we're actually kind of excited to be able to build something special specifically for that, which Yeah, and yeah, he's been underserved.

**Joanna:**

Love it. Okay, so essentially, what you're saying is the innovation then was in your own business as business brokers, you saw all these issues, but and had ideas of solutions, but the solutions were expensive, time-consuming and hard to come up with. And so you went, Well hold on, if we come up with these solutions for our brokerage, maybe this is useful for a broader breadth of brokerages as well, which led you down this path of a whole new business and just give us a little quick overview of what the business is and what the business does. Obviously, the business has tools that we've talked about the Xero fee, the ID verification, the buyer profile component, and how does it work? business

**Keiran:**

Business sales are our, I guess, platform for people who want to buy and sell businesses. So we like to say that we enable transitions. So we're all about helping a buyer get started, right? If you're sitting there thinking and dreaming about owning a business, I guess we've got all the tools to kind of move you through the process, from dream to done. How do you go from Yes, I want to look for a business, you find a business.

So brokers can post businesses there, it's completely free to list and sell, there are no fees or anything you can pay to but you can I should say you can pay to be at the top of the search results. But it's free for brokers to lease businesses. And really, and then all of the workflow tools that we've been talking about sit underneath that to make the whole process of selling a business smooth, and streamlined. And from the buyer side as well, one of the other things that we do differently, which we haven't spoken about is we categorization has always been a bit of, an issue. So we integrate directly with the ACOs business classification system.

For a buyer that gives them a bit more confidence about exactly what they're looking at and makes it easier to find businesses because there are more categories to put them in. Yeah, that's something else that was a bugbear of ours when we've come across.

This isn't you could never find the right category for them. And so we always went okay, well, well, and Anzick has 830 or different business categories. So it's a lot more. It did. And I could really nerd out on how it makes search dynamics a lot better. But then I think I'd put everyone to sleep and you'd have to do some virtual karaoke to wake them up again.

**Joanna:**

I'm standing by with a microphone right now. I'm not going to Oh, my goodness. So good. Okay, and the end, quick question, what's in the development pipeline at the moment,

**Keiran:**

so much. So the next step is something that we're working on is, right, so so it's not going to be a valuation tool. Obviously, I'm a registered business value. And so I completely understand that. But there's, you know, it's a profession for a reason. But we, we think that we can use the data that we've got integration, zero fees to help price businesses and give that two out, it'll be

free again. And so it will look at the comparable sales information that we have. And it'll look at the business that's coming in, and it will adjust for things like the location and the quality of the

lease, how many customers are reoccurring and things like this, and it will help brokers and business owners and accountants think about what the business's worth a bit more of a structured way and give you they'll give you a ballpark range that we think is going to be pretty close to accurate. That's the big next project. We've also got a few more that are a bit further away. So I'll keep those hands out of my hat and then talk about them and we've got solid.

**Joanna:**

Love it. Okay, I love it. Well, I love is there anyone who knows me who knows, I love anything to do with innovation. I love the way that you've taken these problems and found creative solutions, really creative solutions. I love it and its clever and creative solutions. So look a huge thank you for coming onto the podcast. Keiran, how can our listeners get in contact with you? And who do you want to get in contact with you? Who should be getting into contact with you and how do they do it?

**Keiran:**

If you're thinking about if you're a broker, you sell businesses full time and you definitely have a chat about how you can work with business sales. The easiest place to contact me is Karen at business sales.com Whether you are on LinkedIn, I'm always on LinkedIn so you can always get me there or the accurate business sales.com Today

**Joanna:**

Fabulous. Keiran Thank you so much. And of course, we will link right through to Keiran and business sales.com.au in our show notes if you are running along the beach at the moment Yeah, you too. You running along the beach or on your commute on the way to work or home again, because we commute now again now that this whole COVID anyway if you can't write it down, we've got it in the show notes. Fabulous. Wonderful. Karen. I just wanted to say a huge thank you for coming on to the podcast today.

**Keiran:**

It's been great. Thanks for having me.

**Joanna:**

Well, that's it for this episode of The Deal Room podcast. We hope you're now prime for your next deal with these pointers and have enjoyed these fascinating insights. Now if you'd like more information about this topic, then head over to our website at [thedealroompodcast.com](http://thedealroompodcast.com), where you'll be able to download a transcript of this episode as well as access any contact details and any other additional information we referred to today's podcast. Now, if you'd like to get in contact with our guest today and the services they offer, you can go ahead and check out our show notes for a link right through to them and their details. You can also book indirectly with our Legal Eagles at Aspect Legal.

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