

A promotional graphic for Episode 270. It features a yellow background with a circular portrait of a man with a beard and a blue suit. To the left of the portrait, the text 'EPISODE' is above a horizontal line, and '270' is below it. To the right of the portrait is the 'THE DEAL ROOM' logo. Below the portrait and logo is a black banner with white text: 'Financing & Creative Deals: Tips for Getting the Finance You Need for Small Business Acquisitions'.

## ***The Deal Room Podcast***

### Episode 270 – Financing & Creative Deals: Tips for Getting the Finance You Need for Small Business Acquisitions

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**Joanna:**

Hi, it's Joanna Oakey here and welcome back to another episode of The Deal Room Podcast, a podcast proudly brought to you by our commercial legal practice, Aspect Legal. Now this time we're trying something new. We're innovating. This discussion is live from the recent Australian Institute of Business Brokers National Conference, where we were lucky enough to grab a few



moments with Abhishek from Winquote. Now, full disclosure, Abhi and I were standing in front of a remote control slot car track, as we recorded, just in case you're wondering what the references to cars and race tracks are all about. Now, if you're wondering why on earth we were playing with toy cars, well, this year, we've launched our rapid contracting service for business sales and acquisitions, an industry leading and award winning approach to legal contracting, which means that we can turn around fast contracts in 48 hours for deals under 2 million. Now that's fast, just like racing cars. Lots of fun. Anyway, look, check out the show notes for more info on this or check out our link to our You Tube clip where you can see me racing in action. Now look, in this live episode of this podcast, we feature Abhi's perspective on financing and the deal room. He shares what he's seeing in the market and the world of finance for buying businesses. His company, Winquote is of course, a small business lender. Now Abhi and I cover a lot of ground including what business brokers and business owners should be doing to prepare before applying for finance, we dig into security options. What can you do if you don't want to secure your property? What about the mistakes that people are making in the market the differences between starting up and buying an established business? We cover this and more we also talk through the importance of realistic expectations on the owners part. I mean, when you financing a business deal, so we cover this and a lot more buckle in here we go with our episode of The Deal Room Podcast with Abhishek from Winquote.

**Joanna:**

All right, we have Abhishek from Winquote here. Hey, Abhi, good to see you in the AIBB conference this year.

**Joanna:**

Thanks, Joanna. Good to see you as well. Yeah, we like each year is so much fun coming together and catching up. Why don't you give us a bit of a rundown? What's the state of the market at the moment in the world of finance for buying businesses?

**Abhishek:**

Well, I think when it comes to businesses and business sales, things are taking a little bit longer than expected. Yeah, you know, everyone's dragging their feet a little bit, people are a little bit more cautious. So, you know, it's all about us making sure that, you know, we deliver in a timely fashion and all that our partners alongside that, you know, do the same thing, you know, lawyers, accountants, Business Brokers, we all come together. And we make sure that, you know, deal with our transactions happens in a timely manner.

**Joanna:**

Yeah, yeah. Back to fast Deals.

**Abhishek:**

As you can see that little Lamborghini that blue one. As soon as though everyone's on the same page, you know, we fall off the track.



**Joanna:**

So true. So true. Okay, are there any other insights that you have for businesses at the moment? Who might be thinking about buying a business? You know, what can they do to put themselves in the best position? You know, for finance?

**Abhishek:**

Yeah, well, it's, you know, it's all about preparation, like everything, you know, you got to have all your ducks in a row. And you got to make sure that, you know, you have everything ready, you have, once again, the right advisors, the right people on your side to make sure things happen. You know, you only sort of get one good shot at, you know, when applying for finance, to get the deal done. So you don't want to go, you know, halfway with half the information, you know, you want to make sure that everything's prepared. And you know, you're in order to give yourself the best chance. We know when buying a business.

**Joanna:**

Yep, yep. And we're saying like, we have a lot of buyers who are interested in creative ways and funding so that they don't have to use their own security. So securing just against the business, they're buying it, what's your tips on that? You know, Were there particular industries where that works doesn't work.

**Abhishek:**

That's bit of a blanket rule. Now we can potentially get up to about 60 to 70% unsecured at the moment. So that's pretty helpful for a lot of people trying to get into business. So if they don't want to put that property as security, we can do 60 to 70%, we can lend against the stock as well, it really opens up the options for our customers. So I guess the main thing is, you just got to make sure the business you're buying can warrant that amount of debt. And that's sort of where we come in with pull that through with you and make sure that you're buying a business that, you know, can service and everything can be paid on time, and you don't go off the tracks.

**Joanna:**

I love that you keep bringing it back to our race cars.

**Abhishek:**

That's what we do. We'll keep you guys on track.

**Joanna:**

It's really interesting, this whole discussion about securing gates, the business not having to find other, you know, security? What, what are the types of what one of the mistakes you see buyers make? Maybe in terms of the type of business they're looking for?

**Abhishek:**



Yeah, that's a great question. I think industry spring experience goes a long way. No. So sometimes, some of the mistakes I see is, you know, people think when they buy a business, it's going to make the same amount of money from that, when they, when they looked at the business prior, you got to bring your own skill sets, you got to bring a lot of effort, you got to bring, you know, that vision that you can bring to the business, it's a lot of buyers just look at it and think, you know, when we go to buy a business, we just automatically make that money, you know,

**Joanna:**

does that then impact their ability to fund it and finance their experience in the market?

**Abhishek:**

So you know, one thing is getting the money, but the other thing is servicing the debt, right? So you could we could, you know, sell a good story to the lender, get the money. But we want to make sure that the people that we you know, put forward to our lenders, or people that are really thought well about the business. So I would say some of the mistakes that people are making is that they're just not having enough time to work through it, assessing all their options, and you know, and then rushing into it too quick, you know, so from our perspective, it's about engaging, once again, the right people, the right team, you know, get them on board to make sure that, you know, you're well thought about this business, and it's the right business for you know, so taking the emotions out of it and putting the practicality back in, you know, so that's the mistakes that we sort of see, when someone gets a bit too emotional about it really steers with the wrong way. And you get off track again,

**Joanna:**

But it's interesting, the the the ideas here of, you know, businesses that don't meet the expectation of the buyers, we we've had a number of clients that we've acted for over the years who, you know, we've helped them buy a business, but then, you know, within a year or so, it hasn't been you know, they've come out of corporate, they've thought running a cafe running. You know, I think we had a florist, you know, they thought it would be something to what the reality was? Yeah. And so I guess like, particularly if you're funding, you're financing that deal, you know, you want to make sure, number one, it is what you think, yeah, life it's gonna be But number two, that you're not at running it down, once you get in, because obviously, then that makes it a harder business to sell for the same price that you bought it for. And pay off your funding. what sort of stories have you seen?

**Abhishek:**

Yeah, look, for my side, I guess that there is a classic example around, someone having a different expectation to what it really is, there are people coming from their PAYG jobs and then buying into a business. You know, you don't, you know, for majority, this was I don't have a specific one. But the majority example is what we have is these people, they really, you know, you're not just doing the operations of, you know, the to say, in a florist, selling the selling



flowers, you know, you're actually doing the accounting, you're doing HR you're doing, you know, advertising, you're doing a bit of everything, you know, so when you get into a business, it's not just about, you know, the operation of the business, it's about, you know, what's involved in the whole steps and making sure that business functions, you know, so the stories that we see is the people that just not consider about the fact that there's a lot more involved than just, you know, waking up in the morning and selling. You got to be you know, you gotta be a social media manager, you gotta be you know, make sure you Google reviews, all right, you got to make sure your HR team is all set in place, you know, you're protected through aspects or Aspect Legal, you know.

**Abhishek:**

So you gotta be you gotta be covered on all fronts, you know, good accounting, and make sure you're, you know, at obligations are in place, you got to be a cash flow financial manager as well. You know, there's, there's so many hats that you have to wear, when you run a business. And, you know, when businesses don't work out when you acquire them, it's really people that haven't really considered what else is involved, you know? Yeah. You know, it is the greatest strain and dream that we live when you do run your own business. But, you know, with that dream comes a lot of hard work, you know, with that, hardwork is not there. But sometimes you put the hard work, but it's also not the knowledge as well, you know, yeah.

**Joanna:**

But that's why I say because, you know, when, as you say, the greatest dream dreams on your own business, I saw a statistic the other day, something like 80% of people dream of one day being, you know, they either hire a business owner or dream of being a business owner. But then, of course, we live in the world of buying and selling businesses. But there is this question, you know, do you start from scratch? Or do you buy a business? Yeah. And from my point of view, I think, particularly if you haven't run a business before buying a business, they set up with the systems and processes in place and a proven model, I think, is really hard to be, you know, as opposed to setting up a business making all of those mistakes from ground up, what sort of, what sort of thoughts? Do you have that, you know, difference, because you probably fund help fund startups will fund startups versus buying a business. So do you have any sort of experience in between the two sides, which is better?

**Abhishek:**

100%. Like, I guess the variable that it comes down to is timing, right? When you set up your own business, you need to put a lot more time and effort into that transaction, obviously, that you're putting zero goodwill in that aspect, right. So when you buy an established business, you're buying with the goodwill of that full setup, the full system, the customer base, you know, the knowledge of that business. So that's why it's called goodwill, right? So you're, you're paying for that extra goodwill, in that business. So when it comes to someone, setting up, you know, they're creating that goodwill, whether that goodwill takes time to create, you know, so, you know, both are great, you know, but, you know, when you're, you know, got a young family, or



you've got other financial pressures, if you want to go and start up your own business, you got to factor that in. So you got to ensure that you have a sufficient amount of cash flow available, to ensure that you can, you know, go through those tough times when you are starting up your business. You know, some for some people, it's a year for some people, it's 10 years, you know, so, you know, you see a lot of people with great ideas, but the execution gets run off because of the cost of setting up your business. Right. So whereas if you buy something existing, you know, you have to obviously put a bigger capital outlay, but it comes with a lot of the pre assumptions of systems in place. So they're both great, but it's just about what personal and financial costs you can put yourself through to establish either and, you know, there's also a lot of grit and resilience that people have to go through in business. So, you know, it's just whatever you're made for and prepared for, you know, so if you want something that's a bit more the path to lead, you know, or the road is laid for you to drive in the right direction,

**Abhishek:**

Then you can invest your time in further growing that business. But when you're starting from the ground up, you've got to build that foundation, you know, and that foundation can take some time, and, you know, a lot of knowledge that you need to acquire in that time as well, you know, so they're both great, but it's just about what journey people want to run, you know, so yeah,

**Joanna:**

okay. All right. Now, back to trends. So we talked a little bit about where financing is at the moment, where are you seeing? So you said, we, what we're seeing in the market at the moment is slowing down in terms of banks, funders being slower to process the lines? Like what what's what's the cause? What what does that look like? Look, I think there's been a lot of change in the market, you know, you've seen businesses always, you know, changing and evolving. And so that's the same for banks and funders, right? So when there's that change, there's also a lot of time that's involved in, you know, moving systems, you know, changing your business model, changing which direction as to who you want to lend to, and how you want to lend. So we have banks, also businesses, right, so they have to transition and focus on what's relevant to them, and then how they want to land right. So as things are taking time, as there's changes in the market, they have to adapt as well, which can lead to the processes taking a little bit longer. I think the key thing is from our side, it's about making sure that we set the expectation for everyone, you know, so you're setting the expectation that if somebody said to take a certain amount of time, you know, we know that upfront, and we work towards that deadline, all parties involved, I think the issues come about is when that time is underestimated. And then you know, an expectations are not met, you know, so But if all parties are made aware throughout the process, and that's sort of what our job is to do is to you know, keep all parties happy and, you know, managed throughout the process and to make sure the transaction is project managed. That's sort of where we sort of fit in and help with that. But But, but the other thing is that banks and other funders, they all have different types of loans. So, when we go finance for a business transaction, it is depending which lender we go to, and how much time it takes her. As I said, it's just as long as it's effectively communicated.



**Joanna:**

Thank you, Abhi.

**Abhishek:**

No worries. Lovely to see and talk to you. Now, let's get back on track.

**Joanna:**

Well, that's it for this episode of The Deal Room Podcast. We hope you're now primed 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 [the.deal.room.podcast.com](http://the.deal.room.podcast.com), where you'll be able to download a transcript of this episode as well as access and contact details and any other additional information we referred to in 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 booking directly with our Legal Eagles at Aspect Legal. If you'd like to soundboard your next steps, discuss a legal question or find out more how we can assist whether that's with buying or selling a business or perhaps somewhere in between. Now, don't forget to subscribe to The Deal Room Podcast on your favorite podcast player to get notifications whenever a new episode is out. We'd also love to hear your feedback. So please leave us a review and rating. If you're already one of our subscribers or even if you're listening to this podcast for the very first time, every review helps our team produce valuable content for you. Well, 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.