

HOW TO AVOID LOSING ALL YOUR MONEY BUYING A BUSINESS

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RELAUNCH YOUR LIFE™



Lorraine Pirih has a unique background, including over 13 years in business helping small business owners get organized so they can be much more productive and profitable.

Time management was a major issue for her clients, however Lorraine identified it was 'Mind Management' that created what they were experiencing.

She realized that the reason many business owners didn't get the results they were looking for was because of their lack of awareness and having the right mind-set.

Lorraine identified that the majority of businesses she worked with were babyboomers who were unaware that their business, health, relationships and life in general could improve dramatically by changing themselves!

Through her studies on personal development and coaching experience, Lorraine created Relaunch Your Life, specializing in helping business owners over 50 overcome fear, procrastination and self-sabotage so they can confidently move forward and change their life.



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Denise Hall is an ex-Business Owner turned Exit Strategist and Business Broker

She knows how to play the "Finish Unfinished Business" game like no other.

Starting a business is a BIG deal. Building it to become more than a hobby is even Bigger again.

In fact, building your Business into an Asset may result in it being possibly the largest asset you'll ever own, which is where Denise comes in. Not "Starting with the End in Mind" can result in all the blood, sweat and tears you've invested, not to mention your money, resulting in nothing!

In July 2011, Denise sold her 7-figure business for fair market value. From building a "Mother of a Business", to finding a way to GET OUT as profitably and painlessly as possible, Denise paints a picture enabling all to see what needs to be done, and how to do it.

To quote Denise, "Business, after all, is NOT a Life sentence..."

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How to Avoid Losing All Your Money Buying a Business

- L.P. Well, welcome everyone! This is Lorraine Pirihi here from Relaunch Your Life and today I have with me Denise Hall from Business Brokers. And Denise has done a lot of things in her life and I'm going actually get Denise to get on the phone right now and tell us her background. Because Denise has had a mother of a business, she's bought and sold businesses and she's very well experienced to be talking on the topic today, about how to avoid losing all your money buying a business. So welcome Denise, great to have you here.
- D.H. Thank you very much, welcome everyone.
- L.P. Thank you. So Denise can you tell us a bit about your background and what was it that made you think that this would be a really good – because we spoke about this, you know, this would be a really good topic to actually present to our inner circle members.
- D.H. Yeah, so certainly from a buying of a business point of view – again most people haven't done it and they don't really know where to start. And their A Team, which I spoke of last time, probably, possibly haven't done it either.
- L.P. Hmm.
- D.H. So, which would be obviously one of the tips – you find an A Team that has, right? But anyway, coming back to this though. And the reason that this is really important is a couple of reasons. One is, I'm of the view that our job market at the upper end is probably drying out a little bit. And therefore, to be able to maintain the same kind of income levels that has been done previously, they're going to have to do something quite different. Right?
- L.P. Hmm.
- D.H. And start up doesn't cut it – 'cause it takes 2-3 years to make any money. Right?
- L.P. Hmm.
- D.H. So the only way that you're actually going to be able to step into that revenue is to buy. That would be one thing. The other thing is that it's proven that the best way to actually make a lot of money is through business. Yeah?
- L.P. Gee.
- D.H. And so even if you're in business right now, the way to actually step that up - more quickly than it would be organically, depending what industry you're in right now – is to actually buy and bolt



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on. Buy and merge, you know, buy and bolt on - whatever that has to look like. Because that's your quickest way to be done. And on top of that, the beauty of that is now the internet. Whereby, instead of having to buy a whole business, I can now buy a website. That's a damn site cheaper, but could be equally as good at generating leads for me, and I can bolt that on.

- L.P. Can you sort of give an example of that? Because that would have a lot of people's head in a spin, with what you just said.
- D.H. (Laughs). Okay, alright so there is whole market now of buying and selling websites. Now websites, online businesses – call them what you like – but the guts in it, if you like, sits online. And there's variations on that, there's a spectrum of those. Where at one end you've got those that are purely run online, no human interaction required other than someone monitoring it – all the way through to ones that call themselves online business but are probably actually hybrid, where they've got an online front end which generates leads, but they've got a manual, normal bricks and mortar type back end that would do the pick and pack and stick things in boxes and send them in the mail. Right?
- L.P. Hmm. Hmm.
- D.H. So you've got all these variations. Now, the price points on those, depending on how well they've done, is a whole lot cheaper than it is - a whole lot cheaper to buy now - than it is to buy a whole business 'lock stock'. Right? So what I mean by that is, is you've got a website, the key thing about the website is, generally speaking, is about lead generation. Traffic. Traffic should convert to generating leads, which should convert to sales. Right? So if you've got more and more, so what you can then do is use your current business as the hub and you buy a whole lot of other little websites and you take them over and you send them all, you send all that traffic to your website, to generate leads for your business.
- L.P. So a practical example of a business?
- D.H. Alright, so I'm a gardener.
- L.P. Right.
- D.H. Right? I have a website called beautifulgardening.com.au, and I run a business. And all my appointments are done online. And that then fills my diary and that's when I drive out and I go and do the lawns and the gardening that I need to do in my area. Right?
- L.P. Hmm, hmm.
- D.H. I've got visions of growth – my model works really well. But I'm doing it on my own or with you know, one or two of my mates and I'm only doing it in my area. What if more gardeners wanted to do stuff like mine? Yeah?



- L.P. Yep.
- D.H. So let's see what kind of response I can get to that. So instead of trying to recruit people and doing it that way, what you can do, is then look at buying a website that also relates to gardening. Right? Could be product related, doesn't matter. But I like that website, I can buy it for \$5000, and it's got really nice traffic flows that are trending up, which implies that more and more people are finding it. Right? So what I can do is I can take over that site and either redirect that traffic to my site or I run the product line as well, and I cross-sell.
- L.P. Hmm.
- D.H. I cross-sell my appointments to the product line and the product line to the appointments.
- L.P. So just to recap on that, you've got a gardening business, you might be, you know the only person in that business, or maybe you have a helper. You're purchasing an online complimentary business, say garden products as an example. Is that right?
- D.H. Yep.
- L.P. And then you can divert the traffic from the online business, which is up and running – and we're going to look at how you evaluate if something's worthwhile purchasing...
- D.H. Yeah.
- L.P. And that traffic then flows back to your site and you convert those enquiries?
- D.H. What you may choose to do is because they are, they're a different product within the same niche, right?
- L.P. Yes.
- D.H. A different offering within the same niche, you'd probably run them side by side, but you'd cross-sell.
- L.P. Yes, the gardening services with the product, yep.
- D.H. Because you own the traffic on both.
- L.P. Hmm.
- D.H. And so it's a whole lot easier for me, to buy a \$5000 website and do it that way, and grow that way, than it is – and especially if I've got someone that will look after the product for me, as in a drop-ship arrangement or some kind of arrangement with a nursery, my local nursery – right?



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You know, that's a way of growing without having the standard hassle around a straight out purchase of a full on gardening business.

L.P. Hmm. Yeah, and a lot less riskier too.

D.H. Well, you know, you're putting up five grand rather than 100 grand. It's a whole lot cheaper to buy online traffic in an established - because the thing about online now and the internet and all the rest of it - websites and online businesses have been around long enough now that there's a history. There is a history, there's a trend line, and it's probably one of the most transparent ways that you can in fact verify stuff and due diligence because all the statistics are captured. You can't really fudge them, as long as they're, you know the baseline is Google analytics. But, so one tip I would tell all your listeners is that if you're running a website you must run Google analytics. Because that's the baseline...

L.P. Hmm.

D.H. In terms of verifying traffic. Right?

L.P. Hmm.

D.H. But the point about all that is, is that the markets been around long enough now that there are websites that are ten years old, five years old, that are doing okay, that have trending up numbers, but the owner doesn't want to do it anymore, or hasn't or can't - or for whatever reason wants to sell it.

L.P. Can I just ask you there, a couple of other questions around...

D.H. Hmm.

L.P. Because that really spins people's heads around, you know? It's a different way of thinking because they're all thinking traditional businesses, spend shit-loads of money (laughs)...

D.H. That's right.

L.P. And this is what people do, spend 50 grand or 100 grand on their body corporates or whatever and then virtually die in the process because they don't know what business is all about. They can't handle it, you know? Probably lose all their money in the process. So can you give us a couple more examples? Say you're a service provider - you've got a gardener, that's a service provider isn't it, that's an easy one. Say you had a, I don't know, an accounting business. How would you...

D.H. Okay, so right now I have a business - this will be too large for most accountants. But I have an online business that I require a registered tax agent to buy. So most of your accountants will probably fit in that, your registered tax agent bracket. Right?



L.P. Yeah.

D.H. Now what this particular accountant has done, he has set up a number of those mechanical, transactional things that accountants do, he has set it up on, or they have set it up online. So that a person can buy an ABN, set up a business name, etcetera, etcetera. The mechanics of doing that can now be done online and they can pay a fee for doing that, right?

L.P. Hmm.

D.H. But it's quick, it's sharp and it's done with a minimum of fuss. Right? And I haven't had to of paid accountant's fees for it. Yeah?

L.P. Hmm.

D.H. Now that has built up a really nice-sized business. Like, I'm talking a couple of hundred thousand dollar turnover. Right? Now most of your accountants wouldn't do that kind of turnover.

L.P. Hmm.

D.H. (Laughs). Right? So this is an online offering as a bolt on to the accountant.

L.P. Wow.

D.H. Now the beauty about that is that every time that somebody, some random person comes on and buys these services, obviously its generating income for the accountant, right? But what it's also doing is building a database. Now at the moment, I think from memory, that database sits at 7000.

L.P. Wow.

D.H. Now what could one accountant, one group of accountants, do with the contacts of 7000 that have just bought ABN's and GST...

L.P. Exactly. Make contact and upsell them something else.

D.H. Seriously. Especially if they're starting out – they won't have an accountant. Possibly.

L.P. That's right.

D.H. Well, and even if they do, it's going to be their personal accountant as opposed to a business accountant. So there's a whole lot of upside sitting here waiting to be... Now admittedly in this case - and by the way it is for sale now if you want to contact them, I don't know how long for – but you know, if you've got, if you can understand that and understand that lead generation



traffic flow, and how you can then make your money off the back of that, whatever you invested in this business, you're going to get back really quickly.

- L.P. So okay. So again, because it's outside the square, it's not the normal thinking, particularly our market here, we're talking about baby boomer business owners.
- D.H. Exactly. Yeah.
- L.P. What is that! (Laughs.) Let's get a grip on this!
- D.H. Yes, what is she talking about?
- L.P. Yeah, yeah, exactly! So, you're thinking about buying a business, you want to make some more money. You're thinking about buying into a business or buying a business, how do you sort of, you know go through, offline/ online? And remember you don't have to know all about the websitey stuff and all that...
- D.H. No, no.
- L.P. This is not what we're talking about here.
- D.H. No, no. The basics of buying a business are still the same. That doesn't change. And that, it's very much a question of: where does it fit for you? You know, does business ownership, is business ownership: a) for you - if it's your first time round.
- L.P. Hmm.
- D.H. And/ or if it's the second or third time round: how's it going to fit. Right? And then so is it a key to financial freedom, is it a lifestyle choice, is it a legacy piece, is it a passion piece, you know, I want to quickly ramp up the sales end of my business so that I've got more for the back end to do. Each one of those answers will steer you down a different type of business path.
- L.P. So, do you have...
- D.H. Right, so it's still very much the discussion around: Why do I want to do this? How's it going to work for me and my family? My business? And what does it need to look like in order for that to happen.
- L.P. Hmm.
- D.H. But that's always still the same. So whether that's starting out or buying, the questions are still the same. The answers might be quite different (laughs), right?



- L.P. Yeah, absolutely.
- D.H. Depending on where you are, but the questions are still fundamentally the same. Is business ownership for me? Or, you know, if I was to double my turnover at the end of the month, how do I cope? Right?
- L.P. Yeah.
- D.H. Same kind of questions. And that still applies. And then especially if you're starting out, the question about starting a business vs buying a business – and even when you're not starting out, even if you're looking to ramp up, right? There's always the question about, do I do it myself? Or do I buy something in to make that more a quicker process.
- L.P. Yeah. And can I add something in there? For people listening to this, if you're already running a business, I believe you've gotta look at maximising what you've got already. Because you could be very disorganised and running by the seat of your pants and stressed out. Having another, buying into another business, you might seal your death warrant there you know?
- D.H. Oh, completely. Which is why I said before, this is why these questions – are you ready to, if you were to double your turnover tomorrow are you ready?
- L.P. Yes.
- D.H. Now based on what you said then, the answer is 'hell no!'
- L.P. (Laughs). Yeah.
- D.H. Hell no!
- L.P. Yeah.
- D.H. But I like the thinking, I like the idea. Okay...
- L.P. Hmm.
- D.H. So let's spend the first six months of your life this year, getting it into a shape that you could do that. And then, let's go shopping. The same as, even from a personal point of view, right?
- L.P. Hmm.
- D.H. If you like the idea of business but you've got no access to cash, then the dream that you've got isn't the business you're going to start out with. The business you're going to start out with is step one.



L.P. Hmm.

D.H. You're on L plates. Right? The dream business might be business five. But unfortunately many first time buyers want to buy the thing straight off.

L.P. Hmm.

D.H. And you don't actually know - you can read the information memorandum and you can understand the asset list - but you actually don't know what you're buying if you've never bought before. And you don't know, you won't understand business ownership if you've never owned before.

L.P. Exactly right, yeah.

D.H. So you're actually better to buy something small, even as a bolt on, right?

L.P. Hmm.

D.H. Buy something small, practice - that's the beauty about online because you can buy something for a little bit of money.

L.P. Yes.

D.H. Practice - and if it doesn't work no big deal. It's not going to ruin my family. Unlike a very, very sad story I heard recently where a teacher got the big payout...

L.P. Hmm.

D.H. Bought the business for \$850,000, right - went the big punt. Never run - teacher right - never run. In liquidation within 12 months. Bankrupt in 12 months. So, I don't want stories like that.

L.P. No.

D.H. What I want is a step, you know let's step this through. Let's learn stuff along the way. We buy an L plates business, then we buy a P plate (laughs)...

L.P. Hmm.

D.H. Maybe a second P plate?

L.P. Yes.



- D.H. And we work it up. And ideally if you can get it working that way, you can buy it all in that similar industry where one can actually support the other. So there's a whole strategy around the whole buy piece. But you do not bank your entire life savings on the first one. You build it. And ideally – ideally the best time to buy is when you're employed. When you've got money. When you've got access to bank funding.
- L.P. Makes sense.
- D.H. Because it's a whole lot harder if you can't justify serviceability with a bank. Right?
- L.P. Hmm.
- D.H. But if you're thinking about doing this and you've got a bit of equity in your house and you can set up a line of credit or – and this is no financial advice, no none of, this is my disclaimer – but if you can go and get your lending sorted when you're employed, when you've got money, where banks know you in your current structure and they will give you a bit more cash...
- L.P. Hmm.
- D.H. Then you can take your 5, 10k, 50k – that's not too ugly...
- L.P. Hmm.
- D.H. And start playing. You know? But do it while you're employed. That's why I want this, even – I talk about exit strategies with business owners' right? From a sale point of view. But there's also exit strategies for employees.
- L.P. Yes.
- D.H. Because let's face it, come 50 – not a whole lot of people, may not still be employed.
- L.P. Yeah, that's reality.
- D.H. So let's start buying when you're 45. And let's start building a little portfolio, so by the time you get the flick, if you do – if you don't bonus, because you can run both, right?
- L.P. Hmm.
- D.H. But if you do, then you can walk straight into something that has been humming away on the side. Like, I've got a prime example of that, is where one of my colleagues clients was VP of something, and you know would jet around and do this and do that. And was on, you know, a fair whack of money. Decided, thought he saw the writing on the wall, thought 'well this is



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ridiculous'. So he contacted my colleague. Now this guy, admittedly this guy knew nothing about a hairdressing salon but he bought one.

L.P. Hmm.

D.H. Right? Wasn't your average, it was of a fair size and had a fair reputation. But nonetheless, that's what he bought. Now he learnt a whole lot of stuff on that. And now as a result, he now owns eight.

L.P. Wow.

D.H. He now owns eight. And, he's still VP! (Laughs). He hasn't got the flick yet!

L.P. (Laughs).

D.H. So is he doing alright? Absolutely! If he gets the flick, doesn't matter. Doesn't matter.

L.P. Yeah. And that's one of the success stories!

D.H. Yeah!

L.P. That's awesome. Yeah.

D.H. So that's the good side compared to the one I... but he did it small, you know? He bought one little thing.

L.P. Yeah, and tried it. Yeah.

D.H. And he did a whole lot of learning on that.

L.P. Yeah exactly. And there is a lot of learning, I mean it's just amazing how little thought goes in peoples' processes about doing major things in their lives. I would actually interject in here and say, if you're thinking about, you know, going into or buying into a business of any kind, you want to talk to someone – you know, before they even come to you Denise – they need to talk to someone like me. Because you want to make sure that all your ducks in a row around your life to start with. Because having additional pressure on top of that, looking at businesses, it'll all fall down. The foundations going to fall down – if you haven't got a foundation in your life.

D.H. Well, you are the hub. You are the rock.

L.P. Hmm.

D.H. Right? So you're quite right. If that is not solid...



L.P. Yep.

D.H. Then anything that is done around the peripheral is also not solid.

L.P. Yep. So once you've done that, once you've gone through that process and we've looked at where things are at for you in your life – whether you're employed or you've already got a business, and we look at all the personal stuff as well, make sure you're solid. Then the next step is, if they are ready to up the ante and to invest in some way into a business, what would the process be? You know, we've got them, they're all solid, things are happening. I mean (laughs) you're not solid as a rock all your life – it's just a whole, you know life goes up and down, things change. But you're pretty much ready, good to go. So the next phase is really, if you're sensible, would be to come to someone like yourself. Would that be right?

D.H. Yes. And the reason, of course I'm going to say that...

L.P. Yes.

D.H. But the reason that I do say that is because this is the space I play in all day every day.

L.P. Exactly.

D.H. Now what invariably happens is that people will go talk to their accountant first.

L.P. Yep.

D.H. Because it's to do with money.

L.P. Yes.

D.H. Right? Now I get that. I get that. But unless your accountant understands and plays in this space, of buying and selling business on a regular, regular basis – they can remain your accountant for your personal stuff absolutely. Right? But if they don't understand where you want to go from a business perspective, then you find a second accountant that does and you come talk to me. Or the likes of me.

L.P. That's right. And just for the listeners, for their information, can you just tell us a little bit about, I mean we didn't do that at the beginning...

D.H. No...

L.P. Can you tell us a little bit about, you know, what gives you the right? (Laughs).



D.H. Yeah, too right. So three things. So from a personal perspective I've done, I've kind of covered off the gamut. So, I've bought a business. I've partnered up and built a business and I've been given a business, as payment for monies owed – that was once a beautiful thing and it was not at the time, but I was given it, saying 'If you can do something with it, make some money out of it, go forth it's yours to have'. So I've kind of covered all three personally. The first one I bought, sold two years later and had a 50% pay rise, if you like – I sold it for 50% more. The second one I built with a partnership. Three years later I think it was, the partner bought me out, for a very tidy sum. And that business is still in existence now, the ex-partner now runs that, my business partner. And then this last one I got, the one I was given, I got to seven figures, sold it three and a half years ago. Now, by going through that last one – because when you're running a business of size, you can't just shut it down 'cause you feel like it.

L.P. Hmm.

D.H. You've got contracts in place, you've got agreements in place, you've got people reliant on you. You can't just wake up the next day and say, 'I don't want to do this anymore. I'm just going to shut it down'. Right? You might say, 'I don't want to do this anymore', then I go discuss it with Lorraine and I work out how that works from a personal prospective. Then I go talk to my business accountant and a broker. And we start talking about how that looks. Because, as I said once it's of size and there's people reliant on you, you're actually bound by probably some contractual arrangements - which I was – that you can't just step out of. Right? But that shouldn't preclude you from being able to get out.

L.P. Hmm.

D.H. Which is where the sale process comes in. Now I originally had, I was obviously, by that stage with the third one I was with a business partner. So I know all about having the conversation with business partners. You, no doubt would know about having the conversation with life partners and I certainly know that from the business partner point of view. I had expected her to buy me out, like the previous one. That didn't happen. And then so, on the back of that we decided to go to market. And then of course that all around, just after GST time. (Laughs).

L.P. Hmm.

D.H. So it took a bit longer to sell than what had been planned, but nonetheless, we did eventually sell. And that was three and a half years ago. And what I, what happened through that process was that I wished that I had of had somebody to talk to. Right? Now fortunately from my point of view, I kind of did in so far as one of my colleagues that I had worked through on a different matter was my business broker and I ended up speaking to him. And he sold my business. So, because the thing about a broker is, they're basically your sales rep. Right? They need to understand your business intimately to be able to then have the conversation with a prospective buyer until you do. Right?

L.P. Yep.



D.H. Now fortunately in our case, that was what happened.

L.P. Yep.

D.H. But what I know is that in most cases it doesn't. You know? And especially now with different structures of businesses the way they are, you know? You've got ones that are set up at home, you've got ones that are set up in, you know an office, you've got different variations on business partnerships, you've got online ones that were never around, that weren't all that big many years ago. They now all are and so as a broker I need to understand all these business models - which I do.

L.P. Hmm.

D.H. Because I've worked in most of them. (Laughs). In some form or other.

L.P. Yeah, absolutely. And so just a big point there, 'cause, you know when you said about the business broker being like your sales rep, how important is that? Because if you've got no one between you and the people you're trying to sell your business to, you get so caught up in all the emotional crap, and plus you don't have the knowledge. It's like you trying to go out, and people do this every weekend, go and buy their own homes and try and negotiate with the real estate agent – which is crazy!

D.H. Well, and so the beauty of the internet is now, is that if you want to do it yourself now you can.

L.P. Hmm.

D.H. You don't actually need me to sell your business. Once upon a time you used to...

L.P. Yep.

D.H. Because there was no way that you were gonna run an ad in the Age, in the newspaper for a couple of grand, to advertise your business, generally speaking.

L.P. Hmm.

D.H. Right? You'd leave that to someone who had all those relationships set up...

L.P. Hmm.

D.H. And we were good to go. Now, you can list your business, both paid and free, on so many sites it's not funny. Right? You don't actually need a broker to necessarily get the business out to market. Right? But, what happens when you start getting responses. (Laughs).



L.P. (Laughs).

D.H. What happens when you start trying to negotiate with someone, when you've never done it before? As well as concurrently running your business. So that, going through a sale process is not affecting – in fact your business should be looking like its improving every day that you work in it.

L.P. Hmm.

D.H. Right? And this is where I think many, they think, 'Oh well I'll just whack it on and see what kind of response I get'. A good way to test the market...

L.P. Yep.

D.H. But there's a whole lot of unaccounted for costs - around time and effort in planning and you know, what assets are valued at, what premises are worth, the whole issue around if there's any licences, issues around leases, you know are leases able to be assigned, what about suppliers – there's a whole raft of other things that need to be considered that will come back and bite buyers and sellers, if you don't actually have somebody asking you all of the right questions. And it might mean that you still want to do it yourself, but get one, get a broker like myself on your A Team. I don't do the work, I just sit with you for an hour a week or whatever it is and we go through where you're at, whose come in, you know? Have you asked these questions, have you found this out? Do it yourself, fine. I mean it's a good thing to learn.

L.P. But you need that advice – this is specialty advice, this is not your garden variety, you know tax return advice. This is stuff that you need a specialist, to actually help you.

D.H. And what you'll do is, you'll do an online search on 'how to sell my business' right?

L.P. Yep.

D.H. You'll do some variation on that on Google. And you'll get the '10 steps to selling' or the 'eight steps to getting the maximum price'. Okay, right. And they are correct at a very surface level – there's a whole lot of stuff that sits behind each one of those 10 or eight steps.

L.P. Yeah, exactly.

D.H. And that's where the experience comes in, like you said.

L.P. Yeah, exactly.

D.H. Because on the surface, those 10 steps sound easy - it's like any of these 10 steps to anything...



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- L.P. (Laughs).
- D.H. You know? 10 steps to relaunch my life...
- L.P. Yeah, exactly.
- D.H. You know? So, on the surface, the 10 steps sound easy.
- L.P. Yeah.
- D.H. But you try to get into any single one of those, in any kind of detail and, 'Oh my goodness, what was I thinking!'
- L.P. Yeah, exactly. So, to wrap up today's conversation, your top five tips if you want to avoid losing all your money buying a business? We've taken it from the pain perspective...
- D.H. Yeah, we have.
- L.P. What would... you see it so many times, people who are spending all their super, you know, they've come out of corporate or whatever and get their fancy payout, they've got no clue whatsoever. And then you see a whole range of business owners that have been in business for ages that still don't have a clue what they're doing. (Laughs).
- D.H. No, no. And we see a number of businesses that are making money in spite of themselves.
- L.P. Yeah, exactly!
- D.H. Which is fantastic, but how do I sell that?
- L.P. (Laughs).
- D.H. Anyway, that's another discussion. (Laughs).
- L.P. That's another story, yeah. So what would be your top five tips?
- D.H. Okay, off the bat I have to say you cannot guarantee not losing money.
- L.P. Hmm.
- D.H. Right? You can't guarantee that. Same way you can't guarantee when you buy anything really.
- L.P. Hmm.



D.H. That said, with all good intention and all good hard work and all good you know, research and all the rest of it...

L.P. Yep.

D.H. Where people will come a cropper is where they're actually not certain of what to buy. They haven't done the homework. They haven't done the pre-work. Right?

L.P. Yes.

D.H. And they get locked in on something. Quite often business is a bit like a house - same thing – you can buy on the emotional buy. Right? But if you've done your pre-work, the emotional buy is less likely. Because it doesn't fit criteria. Yep?

L.P. Yeah – you've gotta know what you want.

D.H. You've gotta know what you want. The other thing is really to have an understanding of what you can actually afford.

L.P. Yep.

D.H. Really. Really afford. Right? And so that will probably mean, and I would highly, highly recommend this – buy the L plate business. It's not the dream. It might be in the dream industry, it might be in the dream niche, but it's little. We practice on it.

L.P. Hmm.

D.H. We learn the stuff, then we go to the next and then we go to the next. So this is a longer-term plan. It's a build, right?

L.P. Yeah.

D.H. What will also happen is that – the flipside to the criteria, because here's the other side – nothing will fit all of your criteria.

L.P. (Laughs).

D.H. You've got to have it, but you won't find the perfect business to fit it. So what'll happen is, you've got 90% of it there – and this is where you've actually gotta be confident enough to back yourself to pull the trigger on it and say yes. And having a good A Team behind you will help you do that. Right?

L.P. Absolutely. Yeah.



- D.H. But where we find a lot of deals fall over is it's the business where a buyer should buy – they should actually buy it – right? But they can't pull the trigger and they procrastinate, procrastinate, procrastinate and bugger me the business is gone.
- L.P. Yeah, and that...
- D.H. You know I've got buyers that've been buying for three years. Really?
- L.P. And that's where someone like myself can help you, we've gotta find out what - get through all those fears, what's going on, that you're procrastinating.
- D.H. Yeah, absolutely.
- L.P. So, that's really important.
- D.H. My next one would be the lack of preparation. I guess we've kind of spoken about this, but you don't want to regret missing that opportunity. And this is too, this might be that I don't intend buying for another 12 months.
- L.P. Hmm.
- D.H. Right? But you do your pre-work now. You do your preparation now.
- L.P. Hmm.
- D.H. And blimey, this opportunity presents itself in three months' time. Oh, okay! I should look at that, shouldn't I? Yes. (Laughs). But if you've kind of done your prep when it's on the radar and you've done your prep, it's a whole lot easier to even consider doing that. Again, I've had conversations where, 'I can understand how it could work and fit into my business but I'm not ready yet'.
- L.P. Yep.
- D.H. You should always be ready.
- L.P. Yeah. Take action.
- D.H. Start with a ready mind always works for the buy side, as well as the sell. Right?
- L.P. Yeah, yeah, yeah. Do something!



- D.H. And then the last one for me is this notion of seeking the perfect deal. Right? They will analyse and identify and poke and prod and all the rest of it to try and – a criteria is a guideline, it is not the enth degree.
- L.P. Hmm.
- D.H. Right? What sometimes happens is that you actually want to do it and you're confident you can pull it off, but you go to your accountant who doesn't necessarily understand it all, right? And they will say, or even your legals – and this is their job to do it, I'm not saying they shouldn't do it, it's their job to do it. But they will try and talk you out of it.
- L.P. Hmm.
- D.H. That doesn't stack up, that doesn't stack up, that doesn't stack up. Right? Okay, if it doesn't stack up what is it that you're going to do in the first six months when you're in the business to nullify that risk as much as possible.
- L.P. Yep.
- D.H. Right? You can't look after the risk until you're in it. But if you've got a good plan going in on how to address that risk or that risk...
- L.P. Yep.
- D.H. And you're fairly confident you can pull it off...
- L.P. Yep.
- D.H. Then okay, the accountants have done their job, the legals have done their job, they've pointed it out to you. And you've now got a game plan on how to address that.
- L.P. Exactly.
- D.H. Right? But if you try and find all of that, all your ducks in a row, all the time in every business you look at you'll never find the perfect deal, and therefore you'll never buy. And we could be having this same conversation in three years' time.
- L.P. Yeah, and that's life. (Laughs). There's always an element of risk. So really asking yourself the question: what's the worst thing that could possibly happen? And then the next question after that is: and can I live with that? So if you're going to invest ten grand, and it all goes to shit – can you live with that?
- D.H. That's right. Which is why I encourage to go small to start.



RELAUNCH YOUR LIFE™

- L.P. And that's so...
- D.H. And online now presents an opportunity to do that.
- L.P. Yep. And such great advice Denise. I hadn't even thought of that, until you mentioned it, today on this call! And it's got my head spinning now and I'm gonna give it some serious thought. So if people, I'm sure someone's gonna want to contact you for sure, can you just provide your details?
- D.H. So there's two things. One is, I invite everyone – you included Lorraine – is we run a 'How to Successfully Buy a Business' workshop once a month, and I invite everyone to come along at whatever time is convenient for you to that. It's free, it's two hours – it gives you a good brief overview, detailed enough but it gives you a great overview and it gives you a whole lot more than just your 10 steps, right? It gives you some guts around the 10 steps. Good place to start. If you're interested in that or you want to contact me for any discussion at all the best place to do that is, email me at dhall@businessbrokers.com.au or give me a call on 0417 599 550.
- L.P. So I hope everyone got that, it's: dhall@businessbrokers.com.au or 0417 599 550.
- D.H. And please let me know that you listened to this so that I'll know the context by which the call is made. So that'll be really good. And yeah, come along to the workshop, come and introduce yourself and we'll go from there.
- L.P. That sound awesome. So thank you so much Denise for a very enlightening interview around how to avoid losing all your money buying a business and what you can do about it. And, so this is Lorraine Pirihi here from Relaunch Your Life. And if you'd like to find out more about what we do at relaunchyourlife.com.au just email me lorraine@relaunchyourlife.com.au or contact 0411 145 166. And our mission here is to help you to reignite the passion for your business and your life. Thank you Denise!
- D.H. My pleasure. Thank you.