



Australian Business Broker of the Year Pivots into 2021

Nikki Katz is at the top of her game as a business broker, having successfully completed multiple transactions for beauty salon and clinic owners across Australia. Winning the AIBB Australian Business Broker of the year in 2019 & 2020 and the REI Award for Excellence Business Broker of the year 2019 & 2020 amongst others, she is an inspiring and dedicated business broker who works hard for her clients. As the current AIBB Education and Training Chair and South Australian Chapter Chair, Nikki is

dedicated to enhancing the business broking industry and taking it from strength to strength.

We sat down with Nikki and chatted about her career so far and her exciting plans for 2021.

Vanessa: How did you get involved as a business broker?

Nikki: I started my first business when I was 17. When I left school, I started a services company in the Healthcare sector, selling clothing

and other essential supplies for elderly people in nursing homes, and I had that business for 17 years which I then successfully exited. I've since set-up and sold about three or four businesses across different sectors in my career.

When I came to Australia 9 years ago, my initial reaction was 'I've set up and sold a couple of my own businesses, I've worked with brokers, let's see if I can use my own experiences and help people buy and sell businesses'. So, I started

my next career in business broking. I did general business broking for a couple of years. During that time, I noticed there was a gap in the beauty market, where nobody was servicing hair salons, beauty and laser clinics. My mother was a hairdresser, and I was exposed to her business growing up, so I thought I knew the basics. I started researching the Hair and Beauty industry and decided that I could really help here.

There weren't actually any brokers in Adelaide focusing on this sector and there was only one female business broker who sold hotels. So, I decided that I would specialize and thought 'Let's go. Let's kill it!'. So, I went in with that kind of attitude and it turned out really well for me!

Vanessa: Do you think it's important for a broker to have had experience owning a business before becoming a broker?

Nikki: It definitely helps. It helped me understand the emotional journey of the owner. I spoke with an owner the other day, they've had their business for 25 years, and they felt like they were selling one of their children! It's that emotional connection that a business owner feels. A lot of blood, sweat and tears goes into getting a business to that point. I sold one of my businesses to facilitate the move to Australia. I was moving to the other end of the world, so I had no choice but to get it ready for sale and sell.

Those who venture into business broking bring their own expertise, experience and way of doing things. There are lots of ex-bank managers, accountants and other professionals and it's great to see them coming into the industry from a numbers-driven background. I come from a more deal-driven and sales background coupled with a more empathetic approach for both buyer and seller. I understand the process because I've been through it, sitting on both sides of the negotiation table, and I also understand firsthand the emotional toll that it has and the

roller coaster ride that you go on when you're selling your business, or for that matter, buying a business.

Some people think you sell a business in two weeks. It doesn't happen like that and there's lots of highs and lows along the way. I think it helps me, coming from a business owner perspective, to ensure both parties ultimately benefit out of the deal.

Vanessa: If someone is thinking about selling their business, where should they start?

Nikki: When working with business owners, my approach is very hands-on, working closely with them as we walk through each step. Giving all the information at once, you often see the "rabbit in the headlights" effect. I break down each of the steps to help them get the business prepared for sale. Advice at this point is free. I spend a lot of time on the phone with my clients talking them through what to expect, what we're going to need and how to gather it all.

I then send them a checklist of everything that I need. Most people are working in their business and they don't really have time to work on their business and I always suggest, take time out and just organize the business side of things and get everything ready and prepared. Once I have this information, I will carry out some due diligence for myself before we go any further.

Vanessa: If an owner is actively working in the business, does it affect a buyer purchasing the business?

Nikki: Essentially, it's easier to sell the business when anyone, even if not qualified or experienced in that sector can buy it. If you can get the business under a management structure, it means you open yourself to a broader audience of buyers. That being said, if it's a small hair and beauty business, then the buyer will most likely want to work in the

business. Essentially, every buyer has their own motivation, from those wanting to be in the business and run the day to-day operations through to an investor looking to build their portfolio of passive income opportunities.

Vanessa: If someone is looking to sell in the next 6 to 12 months and they want to try and add value to their business sale, what can they do?

Nikki: Well, obviously it's about looking at the profit and the buyers return on investment. Getting the profitability as clear and maximised as you possibly can, is the best starting point. There are a lot of businesses who engage an advisor to work on getting the business "ready" for sale but have fallen short of achieving the desired outcome. This is primarily down to the business owner not taking on the advice given. So, if you do need some coaching, work with them and implement what they're asking you to do. They will help you grow and build the business to get it to the best condition for sale.

You need to make sure that you work on the business as much as you can to add value. For example, Hair & Beauty retail sales are definitely a push, there's lots of courses owners can do to learn about adding value and how retail sales increase turnover. It's all about the bottom line. So, raise the income and cut expenditure and try and get as much on that bottom line as physically possible. The value of your business will go up and therefore you'll sell it for more money.

Vanessa: How long does it typically take to prepare and sell a business?

Nikki: There are a lot of factors and it obviously depends a lot on the business. I work quite differently from other brokers. I tend to really listen to my buyers and position the right business for them. I almost run like a giant "business dating agency" where we've got a buyer that's



looking for this and we've got a seller that's looking for that, and what I'm trying to do is marry them up together. So, I would say as a broker that I am probably more of a deal maker.

My success has come from doing things differently, not just listing a business for sale and waiting for the enquiries to come in. I almost interview each of my buyers and I make sure they've got the credentials and business acumen to run the business effectively. When you've got the right fit for the business with the future buyer, then this business goes from strength to strength. So, it's definitely taking your time to understand not only the seller and their business, but the buyer and their requirements as well. It's pretty paramount for me. That's more of that personal touch.

So how long does it take? Well, it depends how organized we are at the beginning. If we get a vendor who is motivated to sell, they're organized, they've got all their paperwork together. We can go to market. It doesn't take as long to sell businesses as it did beforehand because I've already got a pipeline of buyers that come through and the buyers know me and I could pick up the phone to an investor and say "Hey, look there's something just come on my books. You'll really have

to go and have a look at it because it's pretty good". Then they'll jump in the car and go see it simply because I don't phone them for every listing. I only contact them for listings that I think would be good for you in your portfolio. I have settled businesses in as little as a month and some more complicated deals can take up to nine months as there are so many aspects that need considered, every deal is unique.

Vanessa: Do you think that a business owner should engage a business broker?

Nikki: Yes, Absolutely. I've seen salon owners come to a broker and then try to do it themselves and they come unstuck and it goes horribly wrong. They've actually wasted five or six months going through a process without any result at the end. They then come back to you and say 'oh, can you help me' and you don't want to say 'I told you so' but what you want to say is 'you've now been out on the market, you've been seen. You've already been presented to the market for the first time you've lost that magic and you've wasted five or six months. My advice is to do it once, do it right with the best person for the job.

I just wish people would understand to leave the "professional work to a professional" who understands

the entire process from start to finish, one who deals with landlords, conveyancer's, banks, suppliers, legal contracts and so on. You know, you wouldn't pull your own teeth out if you can go to the dentist to get it done properly. The training has been there, and the processes and procedures are there to keep both the buyer and seller's safe. So yeah, I absolutely want people to understand the importance of a business broker. We're a profession. I'm now running and Chair the Education and Training Department of the AIBB and it's because I feel very, very strongly that people need to be educated properly and they actually need to understand the value of a certified business broker. A good broker's experience and knowledge and bring all that to the table when they represent a seller. We're here to do a good job for people and help them transition in or out businesses properly.

Vanessa: Do you think that a buyer should have a business broker to assist during due diligence and negotiations?

Nikki: Absolutely. I've heard so many horror stories of people doing deals together without a business broker assisting. The deal can come unstuck very quickly. The business brokers role is to help people overcome any obstacles such as putting

you in touch with finance people, consultants, lease experts etc. We're here as an Information hub to send you in all the different directions necessary to make the buying process as easy as it can be.

Once you decide what kind of business you want and you understand what your budget is, then our job is to make the transition easier. It's about making sure that we check everything along the way to ensure the buyer is fully equipped, organised, and has some education about the business that they're going into. Our job is to keep everybody on the right path, project managing the sale until the transaction concludes.

Vanessa: How did you cope with the sudden COVID restrictions?

Nikki: As an industry, we've definitely had to learn how to manage COVID and its impact on the respective sectors we cover. I mean I remember going into sudden shutdown in March. Nobody knew what we were facing, and I had about 10 contracts out at the time, all deposits taken. People were phoning me going 'Nikki, what are we doing?' I'd say, 'I don't know'. I think what I did at that point, was again to think as someone in their shoes, and actually gave everyone their deposits back. People didn't know how long this was going to last and needed the money that was sitting in our trust account. There was so much uncertainty and nervousness. I gave everyone's deposits back and placed a pause button on their contracts.



Every single deal that was signed up before the 20th March came back and re-signed and we progressed forward. All have since settled. I took the fear away by saying 'here's your money back, come back to me when you're comfortable'. That could have been the best thing I did this year because I've had a very successful year, and all my contracts concluded despite COVID.

Vanessa: In South Australia, how are businesses bouncing back from COVID restrictions?

Nikki: Certain sectors were obviously rescued with Job Keeper and rental reviews. Some businesses have fared very well. In fact, some businesses have increased their valuation as they've actually performed better. I think the cream always rises to the top. So, people who are running effective businesses tend to come out better. People who are agile, are prepared to pivot and think outside the box, think 'okay, how can we work around this?' They came out great.

My advice to anyone was stay nimble, stay agile. The people who were complacent or became a rabbit in the headlights, obviously didn't adapt well. Next year will be exciting. There will be a lot of rejuvenation. I think it's actually been a good thing for businesses. There's definitely been a wake-up call and I think good business operators have come out from the corner fighting and there's this new burst of energy.

Vanessa: After 6 years selling salons and being at the top of your game, I hear your preparing for a change in 2021?

Nikki: If COVID taught me anything, I had to become more nimble and agile myself. I chose to specialise in the hair and beauty sector and to become the very best in a single sector, and it worked. I've won multiple awards and achieved some amazing results for my clients.

Lately, I have had much larger

businesses approaching me from very different sectors, as well as investors looking to diversify their portfolios and trust me to identify exciting opportunities for them.

In 2021, through a strategic partnership, I'll be expanding my focus, offering a bespoke, boutique service to prestigious mid-market businesses across Australia. By being selective and deliberate and continuing with my proven formula of listening to both the seller and buyer and working as the business dating "cupid" of choice I am excited about rolling out this new approach and achieving outstanding results for my clients.

I want to take these opportunities and apply all my knowledge and skills to helping more business owners, buyers and investors. I also plan to learn and grow as a business broker as well as continue to give back through my involvement with AIBB, continuing to build the awareness and professional reputation of the business broking industry.

Vanessa: How do you think the Business Broking industry will be in 2021?

Nikki: It will be more quality over quantity. I think there will be better quality businesses coming to the market this year. I'm very excited about it. I believe the effort that people put into their businesses will show. The middle markets will be very strong because people are looking for investments. There will be a lot of acquisition opportunities.

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