

## More buyers for small-medium businesses in 2015

Comments from GMO's Managing Director, Graham O'Hehir

**W**elcome to the first edition of our Business Review for 2015, a year that's showing signs of being better for selling a business.

After a relatively quiet year for business sales in 2014, there are strong indications of improvement in the sale of small - medium sized businesses through 2015/16.

Strong levels of enquiry are coming from engineers, FIFO workers and white collar resource industry professionals who have been retrenched or are doubtful of their workplace tenure as the resource and oil and gas industries



adjust to reduced demand and deflationary conditions.

Many are considering buying into businesses as diverse as small engineering or fabrication operations, recruitment and distribution agencies and hospitality businesses.

### Time for baby boomers

With enquiries from prospective buyers already running 20% higher than at the same time last year, the increased momentum may be the signal that the coming 12 months or so is the time for baby boomer owners to finally exit their enterprises.

Many of these proprietors had to put retirement plans on hold following the GFC in 2009 due to patchy buyer interest

brought about by high wages and easy job mobility being seen as more attractive than buying and running a business.

### Wage growth eases

Now that wage growth has levelled out or even dropped in Perth, it means buying a business is becoming more attractive compared to being a wage and salary earner.

This buying trend is being aided by the low interest rates. Furthermore the gradual easing of the Australian dollar may bring South African, New Zealand and English buyers back into contention. They've been blown out of the ball-park by the high exchange rate so the easing trend has to be a positive sign for them.

## ANNUAL REVIEW: 50 Categories of business for sale - price consideration



**T**his year's 'GMO State of the Market Annual Review' covers a wide variety of categories of SME businesses operating in the WA marketplace.

The review gives guidance on the typical performance of businesses, showcasing:

- a typical profit profile,
- the level of buyer interest in that business type
- an indication of the likely price band a typical business of that type would likely sell for.

We also consider the profit the business will make in two permutations: to an owner operator and also if the business

was under management.

The owner operator profit is effectively a PEBITDA calculation of profit (Proprietors' earnings before interest, tax and depreciation).

In keeping with common practice in Perth we have reported the relationship between profit and price on a ROI percentage basis (returns on funds invested).

We have also looked at the EBITDA profit - or the profit an owner operator would make after paying themselves a commercial wage for their endeavours as the manager. This relationship is also expressed as an ROI calculation.

In the case of larger, privately held businesses which would show an EBITDA in excess of \$500,000 we have introduced an EBITDA multiple of 2 times, three times, four times etc, according to the market evidence we have available.

Salary: We have used a generic \$100,000 per annum as the benchmark though this may vary from industry to industry and may be higher or lower according to market forces.

Readers and accountants should make their own salary variations and adjustments to gain a clearer performance picture of the specific business they're considering.

**SEE PAGES 2 and 3.**

Category	Buyer Demand	Typical Approx Total Sale Price	Nominal Owner Operator Net Profit	Approx Return on Investment	Nominal Net Profit Under Management *	Approx Return on Investment *	State of the Market
Accountancy Practices Large	Strong	80c - 110c in \$	N/A	N/A	N/A	N/A	Continuous buyer demand from expansion practices. Opportunities becoming available as baby boomers contemplate their exit strategy. You may join GMO Accountancy Practice BUY - SELL - MERGE REGISTER. Contact Graham O'Hehir.
Accountancy Practices Small	Strong	50c - 90c in \$	N/A	N/A	N/A	N/A	Small tax return fee packages sell at a slight discount to management fees.
Bakeries - Speciality Franchise	Fair	\$295,000	\$150,000	50% - 60%	\$50,000	12% - 18%	New potential franchisees emerging due to weakening employment market.
Book Stores	Weak	\$325,000	\$150,000	40% - 60%	\$50,000	10% - 20%	Amazon.com competition erodes book store market share. Book cafés appear to be increasing hospitality floor space and reducing their book sections suggesting there is more profit in coffee than in books.
Boutiques	Weak	\$200,000	\$150,000	70% - 80%	\$50,000	20% - 30%	Dozens to choose from including some excellent businesses. Market usually resistant to paying goodwill. Online competitors a threat.
Cafés/Coffee Lounges 5 day	Good	\$400,000	\$200,000	40% - 60%	\$100,000	20% - 35%	In high demand, especially office locations. Premium on 5 days. Quality presentation a must. Coffee price war having some effects on margins.
Cafés/Coffee Lounges 7 day	Selective	\$500,000	\$225,000	40% - 55%	\$125,000	20% - 30%	Shopping centre cafés experiencing patchy demand. Shopping centre leases a difficulty, but values strong for trendy upmarket suburban locations.
Caravan Parks Freehold	Strong	\$4,000,000	\$550,000	12% - 20%	\$450,000	10% - 15%	Coastal locations popular. For inland locations - look for high returns. Interest shown by developers. Highest and best use of land may not be for a Caravan Park. Very few available - numbers are diminishing.
Caravan Parks Leasehold	Strong	\$1,000,000	\$250,000	20% - 30%	\$150,000	13% - 20%	Lease length / location dictate price. Local govt leaseholds attractive.
Caterers	Light	\$300,000	\$200,000	55% - 75%	\$100,000	30% - 35%	Industry insiders reluctant to pay goodwill.
Child Care Centres Leasehold (Large)	Very Strong	\$1,500,000	\$300,000	15% - 30%	\$200,000	12% - 14%	Strong demand from national industry players. Smaller centres selling well. Centres with freeholds highly sought after.
Cleaning Businesses (Large)	Fair	\$455,000	\$250,000	40% - 70%	\$150,000	30% - 35%	Large contractors of interest to corporate buyers. Continuous struggle for good staff a factor. Controlling wage costs an issue.
Consultants	Selective	Variable	\$140,000	Variable	\$40,000	Variable	Sell for 10 - 50 cents per dollar of gross fees.
Country Hotels - Leasehold		\$360,000	\$120,000	28% - 33%	\$20,000	6% - 12%	Country pubs need to balance bottleshop trade with a strong food trade to achieve good profits. Dan Murphy and First Choice may consider acquisitions in towns with populations greater than 30,000 people.
- Freehold	Increasing	\$1,000,000	\$140,000	13% - 15%	N/A		
Courier Businesses	Fair	\$80,000	\$65,000	70% - 90%	N/A	N/A	Set runs still in demand. Major contractors of interest to corporate buyers. Margins are very thin.
Delicatessens / Mini Marts	Poor	\$210,000	\$180,000	70% - 110%	\$80,000	35% - 40%	Coles/Woolworths 7-day supermarkets and service stations cannibalising deli market share. 7-11 soon to compete.
Drycleaners	Fair	\$200,000	\$120,000	50% - 70%	\$20,000	8% - 12%	Buyer interest is light but these are solid businesses.
Fast Food - Medium	Fair	\$200,000	\$130,000	50% - 80%	\$30,000	10% - 20%	Budget buyers are cautious. Good staff are hard to find.
Fast Food - Large	Fair	\$365,000	\$200,000	50% - 70%	\$100,000	25% - 33%	Quality business more likely to sell. Availability of labour/staff improving. Weekend penalties still an issue.
Food Hall Businesses	Light	\$200,000	\$130,000	50% - 80%	\$30,000	12% - 18%	High fit out costs are a challenge and hard to recover when selling.
Growers Markets	Fair	\$500,000	\$250,000	40% - 60%	\$150,000	25% - 35%	An alternative to large supermarkets, offering better value for the buyer dollar, however 7-day trading for Coles, Woolworths and Spud Shed now eating into Sunday growers market sales.
Hairdressing Salons	Fair	\$120,000	\$120,000	80% - 120%	\$20,000	15% - 25%	Too many outlets to easily justify strong goodwill unless the outlet is large with a big team.
Management Rights (resorts)	Mod-Good	\$1,200,000	\$500,000	35% - 50%	\$400,000	30% - 35%	Management rights are under-estimated and misunderstood business. Great combination of life-style and low overhead business model makes them a business to be considered.
Home Service Franchises	Light	\$80,000	\$60,000	70% - 80%	N/A	N/A	Increasing retrenchments around Perth may increase buyer activity in home based-business.
Hotels (Leasehold)	Fair	\$550,000	\$220,000	35% - 50%	\$120,000	18% - 25%	Selective demand. Rent and tenure important. Difficult industry for beginners.
Ice Cream Parlours	Light	\$250,000	\$140,000	50% - 80%	\$40,000	14% - 18%	Market is very competitive. High traffic flow the key to success.
Information Technology	Strong	\$900,000	\$400,000	35% - 50%	\$300,000 under management	30% - 40% EBITDA 2.5-3.5	Strong demand from industry players to grow their businesses via merger or buy out.
Liquor Stores - Large and Small	Strengthening	\$1,100,000	\$300,000	25% - 28%	\$300,000	15% - 20%	2 corporates have an appetite for large stores to increase their market share. Still some good smaller stores in good locations available. Enduring licence ownership an issue.

## NEED A BUSINESS VALUATION FOR PARTERSHIP/SUCCESSION ISSUES?

Call Graham O'Hehir on 9481 4422 [graham@buyabusiness.com.au](mailto:graham@buyabusiness.com.au)

**\*Return on investment (%) = Net profit before tax divided by purchase price, times 100**

*Our Market Review is prepared by GMO Managing Director and senior valuer Graham O'Hehir...*

*Compares the current prices for a range of industries in general market terms only. Please be aware that these figures are only a guideline and are based on sales in the Perth market. Professional advice should always be sought before putting a price on a particular business. Goodwin Mitchell O'Hehir & Associates (GMO) disclaims responsibility for any specific circumstances.*

*\* Nominal salary of \$100,000 per annum allowed for manager or the proprietors labor, in all examples resulting in lower return on investment for an under management operation. Buyers and accountants should adjust management salary to suit the individual business under review. In some industries a manager costs more than \$100,000 and in others less than \$100,000.*

# 2015/16 STATE OF THE MARKET



Category	Buyer Demand	Typical Approx Total Sale Price	Nominal Owner Operator Net Profit	Approx Return on Investment	Nominal Net Profit Under Management *	Approx Return on Investment *	State of the Market
Lotto Kiosks	Light	\$800,000	\$275,000	30% - 40%	\$175,000	20% - 24%	Businesses which appeal to business migrants. Demand is lessening as consumers trends towards online play.
Lunch Bars	Light	\$170,000	\$120,000	60% - 80%	\$20,000	10% - 15%	Steady sellers often good value for money.
Manufacturing - Small	Moderate	\$560,000	\$270,000	40% - 60%	\$170,000	28% - 33%	Quality purchasers available for \$1million plus businesses. Smaller manufacturers in some demand from business migrants.
Manufacturing - Large	Moderate	\$2,500,000	\$1,000,000	35% - 45%	\$900,000 under management	30% - 40% EBITDA 2.6-3.3	Demand from listed public companies easing. Resource boom tapering causing order books to be only half-full.
Mechanical Workshops	Improving	\$250,000	\$170,000	60% - 90%	\$70,000	25% - 35%	Buyer demand strengthening as ex FIFO workers looking to buy businesses
Motels Freehold - City and Country	Strong	\$2,000,000	\$300,000	12% - 18%	\$200,000	8% - 12%	It is still difficult to market motels away from the coast. Broome and Margaret River still competing with cheap Asian airfares.
Motels Leasehold - City and Country	Moderate to Good	\$1,000,000	\$330,000	35% - 40%	\$230,000	20% - 25%	Demand most for long lease coastal and safe regional administrative centres.
Newsagencies - Large	Weak	\$1,300,000	\$450,000	30% - 40%	\$350,000	25% - 30%	A surplus of stores for sale. Sellers still seek higher prices however there are few buyers and a premium can no longer be justified.
Newsagencies - Medium	Weak	\$400,000	\$150,000	35% - 40%	\$50,000	10% - 14%	Many outlets available-poor growth prospects.
Online businesses	Improving	\$100,000	\$25,000	20-30%	N/A	N/A	It's all about maximising the potential. If the concept is good a sale is possible. Some buyers are bundling multiple websites.
Post Offices	Weak	\$400,000	\$160,000	35% - 45%	\$60,000	12% - 18%	Snail mail dropping and going to twice a week delivery but package mail growing due to delivery of online goods.
Professions - Accounting - Lawyers - Doctors - Vets - Insurance Brokers - Mortgage Brokers - Financial Planners	Good Fair Steady Strong Good Good Fair	50-110c in \$ 0-25c in \$ 0-25c in \$ 60-90c in \$ 100-250c in \$ 150-250c in \$ 2% to 4% *	N/A	N/A	N/A	N/A	- Strong continuing demand. - Occasional demand - Steady demand - Very strong demand from ES Public Listed Vet companies - Will Superannuation eventually replace need for life policies? - Banks continue to squeeze mortgage brokers margins - FOFA legislation still unresolved. Government still confused! * this means 2-4% of total funds under management
Publishing and Printing - Medium - Large	Moderate Moderate	\$900,000 \$1,800,000	\$470,000 \$900,000	50%-60% 45%-55%	\$370,000 \$800,000	35%-45% 40%-50%	Growing interest from industry managers. Retirement of old owners is consolidating the industry.
Recruitment Small Medium Medium Plus Large	Fair Fair Fair Fair	\$350,000 \$1,000,000 \$3,000,000 \$10,000,000	\$180,000 \$500,000 \$1,000,000 \$3,000,000	45% - 60% 40% - 55% 33% - 40% 30% - 37%	N/A \$400,000 \$900,000 \$2,750,000	N/A 40% 30% 27.5%	Corporate and industry demand has lightened as resources sector demand has tapered. With less activity for both blue/white collar and mining / resources sector. Buyer interest also for financial /executive firms and health care sectors.
Resource Services	Selective	\$2,200,000	\$1,000,000	40% - 50%	\$900,000 under management	35% - 45% EBITDA 2.0-3.0	Any good business servicing or distributing to the resource sector may still find a buyer despite slow down. WIP an issue to consider.
Restaurants - Fine Dining - A La Carte	Light	\$500,000	\$250,000	40% - 60%	\$150,000	25% - 35%	5 Days particularly sought after as 7 Days restaurants are physically demanding and have a "burnout factor". St George Terrace clients have lightened their spending.
Retail (General)	Weak	\$260,000	\$170,000	60% - 90%	\$70,000	23% - 33%	Shopping centre leases a problem area. Consumers shopping online?
Retail Bedding Franchise	Fair	\$900,000	\$450,000	45% - 55%	\$350,000	35% - 45%	Generally offer value. More competition now with Eastern States chains in WA market.
Roadhouse	Moderate	\$200,000	\$130,000	60% - 70%	\$30,000	10% - 20%	Market fair for the larger sites (turnover \$5million plus per annum)
Service Stations	Poor	\$320,000	\$200,000	50% - 80%	\$100,000	25% - 35%	There are now very few metro leasehold sites available. Some country sites available with modest buyer interest.
Small Bars	High	\$650,000	\$250,000	36% - 40%	\$150,000	23 - 26%	One of the darlings of the market. Not as rowdy as a pub, nor as fickle as a restaurant. A manageable licence limit of 120 people.
Supermarkets Large	Light	\$1,800,000	\$500,000	25% - 30%	\$400,000 under management	20% - 25% EBITDA 4.5-5.0	Some demand for well located IGAs. 7-day trading for Coles and Woolworths has affected Sunday sales. Still considered a good cash flow business, but Aldi expansion into WA depressing buyer interest.
Supermarkets Small	Weak	\$700,000	\$275,000	35% - 45%	\$175,000	20% - 30%	Migrant community showing greatest interest. High profile locations an advantage. Modern plant and equipment important selling point.
Trades Small Large	Fair Improving	\$130,000 \$500,000	\$100,000 \$250,000	70% - 90% 45% - 55%	N/A \$150,000	N/A 25% - 35%	Buyer demand improving due to retrenchments. Easing in mining sector has assisted in reducing wage costs.
Transport Businesses (Small)	Fair	\$135,000	\$100,000	60% - 90%	N/A	N/A	Some demand for trucks with written contracts netting \$130,000 plus. Join the GMO Transport BUY-SELL REGISTER. Call Tony Batista
Travel Agencies Small Medium Large	Poor Poor Weak	\$100,000 \$240,000 \$400,000	\$90,000 \$180,000 \$280,000	90% - 110% 60% - 80% 65% - 75%	N/A \$80,000 \$180,000	N/A 30% - 35% 40% - 50%	Occasional buyer activity. On line self-service consumer activity a threat to travel agents. Cruise line travel agents are doing well
Wholesale Large	Strong	\$2,800,000	\$1,000,000	30% - 40%	\$900,000 under management	28% - 35% EBITDA 2.7-3.4	Strong interest from Eastern state operators seeking a footprint in growing WA market.
Wholesale Small	Strong	\$700,000	\$300,000	35% - 50%	\$200,000 under management	25% - 35% EBITDA 3.0-4.0	Always in demand. Business migrants causing prices to firm slightly. Firms with quality agencies and contracts highly sought after.

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**Like to discuss the value of your business? Require a family court valuation?**

**Call GMO Managing Director Graham O'Hehir on 9481 4422.**





# A change in valuing accountancy practices and other professions

By GMO's Mehra Kazemi



By GMO's Dennis Brede

**In valuing professions and white collar service businesses I'm observing an emerging trend of placing less reliance on traditional rules of thumb and an increasing practice of establishing value based on a multiple of Future Maintainable Earnings.**

Accountancy practices have traditionally been valued through a 'cents in the dollar' of fee revenue. High quality fees may have been priced 'a dollar in the dollar' or 'ninety cents in the dollar' of annual fees with lesser quality fees priced as low as 'sixty to seventy cents in the dollar'.

However, Eastern States sales and valuations have for several years been based on a cross-check of this calculation by adopting an EBIT multiple of the practice in an 'under management' model where the partners' commercial salary packages have been factored into the adjusted profit. An EBIT multiple has then been applied to arrive at market value.

Our GMO valuation team also uses this cross-check and it often confirms the gross revenue method, but occasionally throws

up a price differential.

We also observe the EBIT multiple cross-check gaining credibility in valuations of Financial Planning Practices, Insurance Broking and Mortgage Broking businesses as well as Real Estate agencies with valuable rent rolls.

## Medical practices

We also consider the EBIT multiple as a second method when valuing Veterinary practices and other medical professionals.

Recent GMO transactions facilitated in both Accountancy and Rent Rolls indicate that banking institutions appreciate the presentation of the practice in both an FME/EBIT multiple as well as in a Cents in the Dollar Revenue Multiplier configuration.

Note: If you would like to discuss your practice and how we can assist you in accurately assessing its market value, contact Mehra Kazemi at GMO Business Valuations. Your privacy is paramount and we assure you of our complete discretion.

# Will P2P lending give big banks the pip?

**'Peer to Peer' lending the next big thing in financing the purchase and sale of small- medium businesses?**

P2P credit providers connect investors with credit worthy borrowers by using technology to replace the middleman (the bank) and reduce costs, with investors and borrowers able to share the benefits from transacting directly.

The deal is done and done cheaply when there is a compatible connection.

This new financing phenomenon of P2P is emerging as a viable alternative to traditional lending in North America where banks have been relatively disinterested in small business lending.

Australia is fortunate in having major banks keen to participate in SME lending. However, not all SME lending and borrowing decisions fit the Big Banks' templates and their various lending matrixes so those propositions end up being a 'square peg in a round hole' and go unfunded.

There are several start-up P2P ventures getting underway in Australia. Savvy seed capital investors, James Packer and Kerry Stokes are among them - backing local P2P lender known as 'SocietyOne'.

Competition from P2P lending should motivate the banks to speed up their SME lending processes.

Fast tracking bank approvals would be applauded by buyers, sellers and business brokers

Any initiative that increases liquidity in business lending markets is good for entrepreneurship and productivity.

P2P should also help in the conversion of great ideas into great profits so we at GMO are all in favour of this new emerging business model.



# Aussie dollar drop Good for some, bad for others



By GMO's Tony Batista

**The recent decline in the value of the Australian dollar relative to the US dollar has some benefit for small businesses, especially if the exchange rate drops below 70 cents in the coming months.**

The most obvious winners will be local tourism businesses as offshore holidays become dearer for outbound Aussie holiday makers while overseas holiday makers will start to see inbound OZ holidays becoming better value.

Local education businesses will also gain as overseas students will see our courses becoming cheaper.

It is less clear if local retailers will benefit.

On one hand it appears shopping on-line with global websites will become more expensive for local consumers – however, if local retailers are selling goods made overseas, then their purchasing costs will rise and be passed on to consumers.

If we actually make anything in OZ which retailers sell, then that range of goods will have more cost appeal to local consumers.

Local retailers and wholesalers who import their goods from overseas will obviously pay more to land the goods here and will need to pass on the higher costs to their customers – or absorb the costs and end up with lower gross profit margins.

# Insurance for business owners

**I**nurance is one of the most important business expenses and it's critical to make sure that you're covered for the right risks.

SRG Corporate Insurance Broker Daniel Brockway shares some insights with GMO's Wilna Fourie.

## **When a person buys a business, when should they start thinking about insurance?**

If they've bought a business, the previous owner's insurance in the past could be used as a guide only. However, an assessment of your own individual insurable risks should be carried out in consultation with your insurance broker/ advisor and other advisors such as accountant and lawyers. We recommend starting the quoting process at least two to four weeks before taking over the business so you can budget in the costs and make sure any last minute changes can take place.

## **What are the risks business owners should insure against?**

There will be some risks that legally you're required to cover.

This would include workers compensation cover on your employees including those that only work part time or casually.

Contractually, you may also have requirements to insure buildings, plate glass, public liability, hired equipment and other such things under agreements or leases. Some other vital risks to consider insuring are business equipment and plant, products liability, professional indemnity, loss of profits, equipment or stock in transit, breakdown of equipment and loss of data.

There are hundreds of insurance products out there to cover all forms of business risks such as non payment from clients, tax audit costs, corporate travel policies, cyber risks, just to mention a few.

Your insurance broker/advisor should take the time to explain these policies, what they cover and how much they might cost.

## **What are some of the pitfalls with insurance policies a new business owner should try to avoid ?**

With regards to selecting a replacement value for buildings or contents, try to get as close as you can to the estimated replacement value to avoid under insurance issues in the event of a claim.



**GMO's Wilna Fourie talks to insurance expert Daniel Brockway**



*It makes sense to have a big friend look after you*

to date with improvements to the business.

If you implement any risk management or OH&S systems, send a copy through as this may assist with negotiations on workers compensation and liability insurance premiums.

Improvements to Fire Protection and Security can also have an impact on reducing Business Insurance policy costs.

Our experience is that the more information you provide the more likely you are to obtain a discount.

## **Now the insurance is in place, when should the next review of policies take place?**

Often insurance can become another bill in the mail.

We recommend meeting your insurance broker/advisor every year and some weeks before the expiry of the policy to review your insurance and to discuss any changes that may have occurred in the business over the past few months, and / or if you're planning any future changes to the business.

You can, however contact your provider at any time to discuss issues that may arise, such as a possible claim, new leases, contracts, tenders, changes to the business or general business issues.

It's a good idea to keep your insurance broker or your provider up to date as there may be impacts to your insurance policies.

Business interruption cover is important to both old and new businesses, however a new business might not have the client goodwill or may have higher debt levels, so ensuring this cover is up to date will be especially important.

Make sure the policies will cover all your activities correctly. For example, if you start importing directly from overseas, your current cover as a wholesaler/retailer may need to be reviewed.

If you're planning to sign a new agreement or contract send a copy to your insurance company to make sure that the policy will still protect you adequately.

## **What can be done to lessen insurance premiums?**

Keep your insurance broker/advisor up





# 3 ways to grow your business !

From the desk of GMO Director, Jim Goodwin

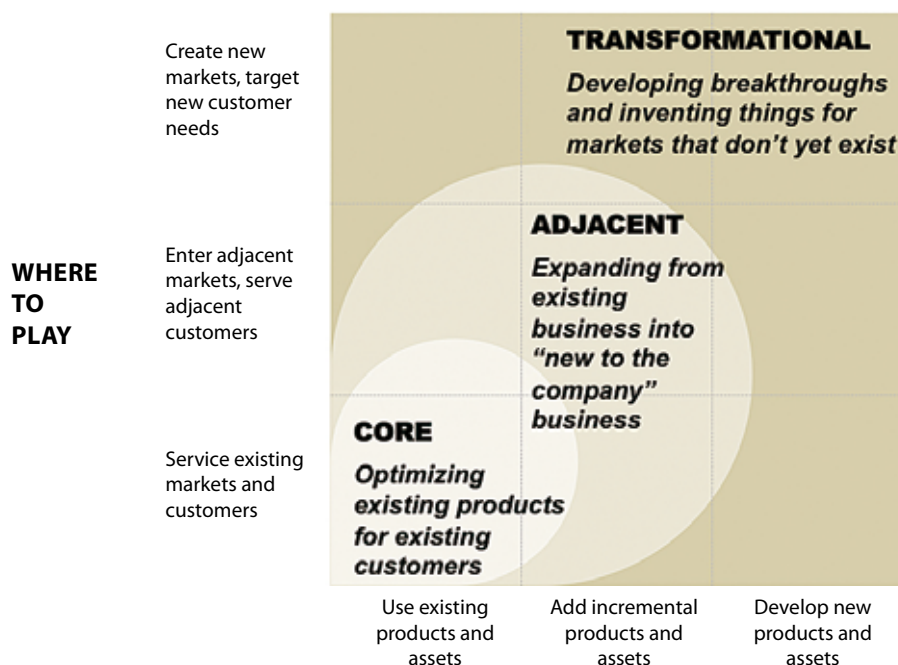
I am a big fan of the “innovation ambition matrix” (I AM) which was first published by Harvard University’s Harvard Business Review in 2012. This approach is particularly relevant in 2015 where disruptive technologies and ideas are challenging all traditional businesses.

The I AM basically asks you to put 70 per cent of your efforts into serving your existing markets and customers, 20 percent of your efforts into branching into “new to the company” business activities and 10 per cent of your efforts into developing

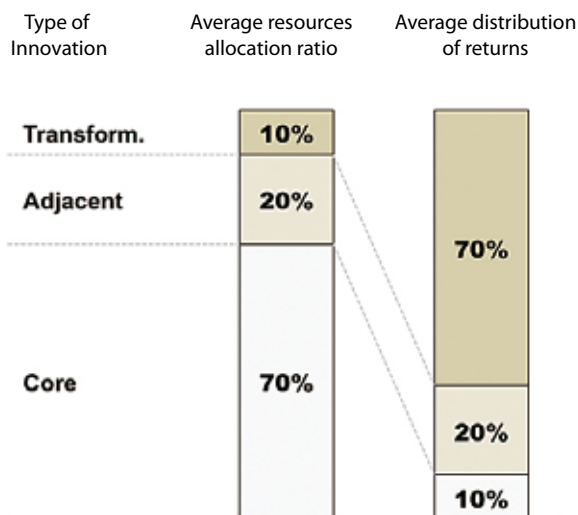
“breakthrough outside the box” services or products. (figure 1)

So, you are basically looking after your core business, looking for logical value-adds for your customers and also seeking to develop a “jackpot breakthrough” which can disrupt your sector and your competitors. Figure 2, suggests the greatest return on investment may come from the transformational breakthrough, with the lower but still acceptable returns coming from ‘looking after the core’

## The innovation ambition matrix



### SAMPLE ALLOCATION & RETURN RATIOS



### HOW TO WIN

Among others, ratios vary according to a firm’s

- Industry
- Competitive position
- Stage of development

Firms that excel at total innovation management simultaneously invest at three levels of ambition, carefully managing the balance among them.

# Is it time to assess your business?

If you’re thinking of selling your business in the near future, it’s important to devote preparation time to the sale.

This is because preparation can play a major role in influencing the final selling price and the smooth transition from you to your buyer.

It’s for this reason you should call the GMO Business Brokerage team.

We can give you guidance with the preparation of your business and an indication of the likely selling price.

Jim Goodwin

For an assessment call us on 9481 4422.



Michael Coombes, Southshore Finance

## Banks ready to lend on business purchases says Michael

Banks, according to Perth Finance Broker, Michael Coombes of Southshore Finance are ready, willing and able to lend on business purchases.

Speaking at a recent Australian institute of Business Broker’s conference attended by GMO’s business sales team members, Mr Coombes said the banks appear keen to do business as he believes they’re well behind on their SME lending targets.

He believes they’re strongly motivated to increase their lending volumes and market share. “We’re noting that in general, credit rules for business lending are softening slightly. “Business loan interest rates are highly competitive and the banks are keen to lend across the board with only Retail Supermarkets and Mining Service sectors being more cautiously examined by the banks when considering loan applications”, he said.

Mr Coombes added that it is a good time to be expanding, growing or starting a business as finance is definitely available at attractive rates to the well organised borrower.