



## Impulsive, Wine Loving Dreamer ? Who... me ?!!

Before I begin, a caveat. If you recognise yourself somewhere in this article, please don't take offence. Any resemblance to real people or events is purely coincidental. Also, guilty as charged, I have been known to pursue impulses and waste other people's time. The managing director can confirm a pattern of behaviour, but we digress.....

The plague seems to have triggered a lot of life assessment and reflection in the population. My theory is that a combination of a once in a lifetime event (I pray it's once, that's for sure) and people having time on their hands are the major causes.

We are seeing this national mindset manifest itself in an exodus from cities, crazy regional property prices and increased demand for discretionary and luxury goods and services. Having looked into the abyss I suspect a good many people are acting on what might once have been fairly vague long term plans and day dreams.

Prominent among those plans and dreams is a desire to escape the rat race and finally be the successful business owner you always wanted to be. And what better business than something in accommodation and hospitality. This confluence of events gives rise to a variety of buyer profiles ranging from the delusional to the seriously heavy hitter, and everything in between. In an attempt to assist buyers in being self-aware and not becoming "that guy or gal" may I present our buyer profile and category summary:

### The Friday Night Chardi Sipper

Gets home from work or more likely walks from home office to fridge. Bored. Opens nice bottle of 2017 Freycinet **chardonnay** and reflects on meaning of life. Asks partner for meaning, is told to stop whinging and do something about it. Googles businesses in beautiful locations. Finds management rights or quaint country motel. Sends agent enquiry. Sends finance broker enquiry at same time. Sales agent and broker respond over weekend. Chardi Sipper has no recollection of making enquiry and is never heard of again. A shame 'cause can be fun.

### The Dreamer

Loves the idea of owning an accommodation business. Does many business plans and even more spreadsheets. Talks to any industry professional who's prepared to chat for free. Constantly stalks online listings and even inspects a few. Combination of paralysis by analysis and lack of approval from husband/wife/life partner/non binary other means will never buy anything. Has no concept of the value of other peoples time. Will move on to the investigation of boutique soy latte providers and craft beer brewers in due course. Genuinely nice person but.....

### The Impulse Buyer

The dreamer's total opposite. Falls in love with idea on limited research and makes multiple offers on a variety of businesses. Fails to think through process with inevitable train wreck resulting. Upsets many vendors and wonders why agents don't return calls. May eventually buy something but it's going to be a wild ride. Not to be confused with the sub-species, the decisive action orientated buyer who's doing the deal and that's all there is to it! To be admired.

### The Selective Hearing Buyer

A personal favourite. Has a long pre-qualification chat with us. Is told that based on info provided and available equity can go to \$2.3M. Is very excited. Fails to hear cautionary words relating to deals needing to be assessed for debt service capacity. Fails to hear finance broker say repeatedly "each deal on it's merits, \$2.3M is not carte blanche, let's do a detailed assessment when you find the right property". Fails to read follow up email from finance broker summarising conversation. Signs contract for \$2.3M inclusive of \$2M unit with 4 years to go on agreements. Deal doesn't work. Finance broker's fault ! Buyer is send hearing aid .....doesn't get used.

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### The Duck and Weave Buyer

Typified by an inability to take responsibility for going cold on a deal. Can also be identified by a reluctance to take ownership in negotiations. In native habitat can be observed blaming banks/lawyers/accountants when requesting negotiated terms. Rarely leaves the nest to take ownership of decisions. Basically, fearful of robust discussions but can respond well to constructive feedback.

### The Expert

Never run a business but knows it all. No need for legal due diligence, did own conveying on last property purchase. No need for financial verification, does own tax. Picks everyone's brain and then goes to local bank branch. Weeks, sometimes months later calls to advise deal has been a train wreck. Asks industry professionals to drop everything and mount rescue mission. The Expert is subsequently found clinging to ledge in a blizzard in his budgie smugglers. Is carried to safety by industry professionals. There is no thanks. But, over time, reflection on past events can result in a very loyal and valuable client.

### The Perfect Buyer

More common than many of the other species listed thank goodness. Does enough research to understand the asset class. Has pretty clear idea of what sort of business/location etc. Takes recommendation to use industry experts seriously and uses some of their time for free, but gets the concept of billable hours. Understands that agents and finance brokers will help them for free and doesn't take advantage of the relationship. Is honest about financial position and get's pre-qualified for finance. Runs listings past finance broker to ensure they work. Invests time and money in courses and training. Builds trusted advisor group and stays loyal.

### In Summary

Please take these observations in the tongue on cheek manner they are intended. The fact is that there's a bit of all these buyer types in most people and that's ok. Industry professionals take enquiries seriously and try to treat everyone with dignity and respect.

I can't stress enough that the finance pre-qualification process is no longer a cookie cutter approach. Every borrower and deal on it's merits. If you are trying to get a handle on exactly what the banking industry wants on ever deal you will go certifiably insane. This is particularly true of short stay accommodation assets such as motels and leisure based management rights. By all means be a bit of all our buyer types but mostly, let us help you be the perfect buyer.

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