

Market Update

Issue 16

New Zealand's Market
Dynamics

The Best Time to Buy a Business is Today!

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The Best Time to Buy a Business is Today!

The start of FY2025 means that now is the perfect time to analyse New Zealand's business market dynamics.

Achieving Synergy: Strategies for Effective Business Integration

Acquiring an add-on business is a strategic move to diversify products, accelerate growth, or outpace competition.

Selling Your Business: What To Do Next?

Selling your business can present a variety of questions, challenges, and avenues for to you explore.

Recent business sales



SOLD

Electrical Services

TAURANGA
\$2,595,000



SOLD

Machinery Services

BAY OF PLENTY
\$1,175,000



SOLD

Food/Hospitality

NAPIER
\$695,000 + SAV



SOLD

Entertainment/Tech

NEW ZEALAND
\$560,000



SOLD

Takeaway Food

COROMANDEL PENINSULA
\$350,000



SOLD

Manufacturing

TAURANGA
\$ - Refer to Broker



SOLD

Food/Hospitality

SOUTH WAIKATO
\$199,000 + SAV



SOLD

Garden/Household

BAY OF PLENTY
\$170,000



SOLD

Mechanical Repair

KAWERAU
\$100,000



SOLD

Services

BAY OF PLENTY
\$23,000

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The Best Time to Buy a Business is Today!

The start of FY2025 means that now is the perfect time to analyse New Zealand's business market dynamics. Neil Craigen, Sales Manager at LINK Business Brokers Ellerslie, offers some reassuring insight into the current conditions that aspiring and departing entrepreneurs alike are facing. Neil's overarching message is one of positivity, informed by prominent buyer enquiry and strong businesses coming to market.

“Acquiring a business remains a desirable way for Kiwis to escape the 9-5 grind and achieve success on their own terms.

Many longtime business owners are entering retirement or seeking a change in lifestyle, leading to them selling their companies and relocating. Simultaneously, acquiring a business remains a desirable way for Kiwis to escape the 9-5 grind and achieve success on their own terms. “On the buyer front, last financial year we had over 40,000 buyers sign Confidentiality Agreements with LINK, which is significantly up, and April numbers are still trending upwards,” Neil says, “there are some great businesses for sale that are receiving hundreds of enquiries, providing an attractive variety for buyers as well as confidence for vendors who are ready to move on from ownership.”

As of late, the hospitality industry is generating robust interest from aspiring entrepreneurs due to its healthy market position. This derives from increased tourism & immigration to New Zealand and the subsequent strong hospitality workforce, as well as consistent demand for quality dining establishments throughout the country. Hospitality businesses are also sought-after ventures for first-time buyers thanks to simple operations.

The contemporary market is also characterised by easier access to capital for buyers. “Banks have confirmed that they have funds to lend on more favourable terms, plus the Reserve Bank has held off on any more rate rises with a forecast for rate drops by the end of this year,” explains Neil. As a buyer, it is important to work with a business finance specialist to ensure the entire funding process is as smooth as possible.

Neil advises that all business owners should always be readying their business for sale, regardless of whether they intend to sell now or much later down the road. Engaging the help of a business broker when it comes to selling smoothly is a necessity. “A broker can provide a realistic market appraisal and help you determine an exit timeframe, providing you with an informed path to take,” says Neil.

For owners interested in selling soon, there are several important steps to take. “The numbers will always be important, so having up to date financial information is crucial. Looking at ways you can improve your return-on-investment through growth of the top line while maintaining or reducing costs will put your business in an optimal position for when it hits the market.” He also emphasises the importance of reviewing marketing strategies and identifying areas for improvement, as well as locking in customer & supplier arrangements.

Achieving Synergy: Strategies for Effective Business Integration

Acquiring an add-on business is a strategic move to diversify products, accelerate growth, or outpace competition. However, the real work begins post-acquisition. Successfully integrating the new business into existing operations is crucial for maximising its potential. So, how is that achieved successfully?

Develop a Comprehensive Integration Plan

Preparation should begin before the acquisition is finalised. Developing a detailed integration plan outlining specific goals, timelines, and responsibilities is essential. This plan should address key areas such as operations, finance, human resources, technology, and culture, and how these fields may be impacted following the acquisition. Having a well-defined roadmap will help streamline the integration process and minimise disruptions.

Communicate Effectively with Stakeholders

Open and transparent communication is paramount (but remember, confidentiality goes hand-in-hand with a successful deal, so don't speak too soon!). Keep employees, customers, suppliers, and other stakeholders informed about the acquisition once the transition period begins. Address any concerns or uncertainties promptly and provide regular updates on the integration progress as it unfolds. Clear communication fosters trust and minimises resistance to change, keeping everyone on the same page and focused on the big picture.

Preserve and Leverage Key Relationships

Recognise the value of existing relationships within the acquired business. Identify key employees, customers, and suppliers whose continued involvement is critical to the success of the transition.

of the transition. Take proactive steps to retain these relationships and leverage them to facilitate a smooth integration process. Show appreciation for their contributions and reassure them of their importance in the new organisation.

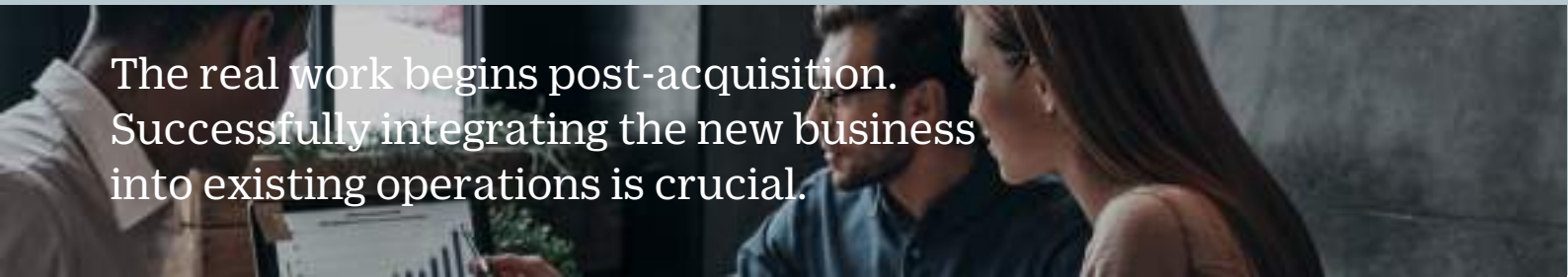
Streamline Operations and Processes

Identify opportunities to streamline operations and eliminate redundancies post-acquisition. Evaluate existing processes, systems, and workflows to identify areas for improvement and optimisation. Implement standardised procedures and best practices to drive efficiency and consistency across the organisation.

Monitor Progress and Adjust Accordingly

Continuously monitor the progress of the integration efforts and be prepared to adjust as needed. Regularly assess key performance indicators and milestones to gauge the effectiveness of the transition process. Solicit feedback from employees and stakeholders to identify any areas of concern or improvement opportunities. Stay flexible and adaptable in response to evolving circumstances.

A proactive, collaborative approach ensures effective post-acquisition integration. With dedication, patience, and careful planning, you can position your newly acquired business for sustained success and growth.



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Life After **Selling**: Planning Your Next Chapter as a Business Owner

Selling your business can present a variety of questions, challenges, and avenues for you to explore. The most significant question that can arise is: what to do next? Formulating a plan prior to exiting your business is an effective way to navigate the complex emotions and potential challenges that can arise during the sales process.

There are numerous important decisions to consider when formulating a plan for what to do after your business sells: including building a budget, and strategic consideration of how to reinvest and structure the use of your new capital.

Creating a budget is essential, this includes taking into account the change in your income following your business sale and having clarity on your expenses and tax requirements in order for you to develop long-term financial goals reflective and true to your changed circumstances.

If your primary reason for selling your business is a desire for retirement, building a sensible and realistic long-term retirement plan that aligns with your lifestyle goals as you move onto this new and exciting phase, is imperative. Going over this process with a fine-tooth comb will enable you to transition into retirement feeling secure and comfortable about your financial future.

There are several opportunities to consider when reinvesting capital, where and how being key factors. This can range from investing into your interests, personal & professional development, as well as owning a business. Your options are endless.

Diversifying your investment portfolio is key to long-term success. This can entail investment into a new business, startups, stock, real estate, or even joining forces and investing into highly successful existing businesses with other entrepreneurs.

When deciding to reinvest your capital into startups or established businesses, there is also an opportunity for you to pursue sharing your expertise and insights. Serving as a mentor, advisor, or board member can be incredibly fulfilling.

Building a clear and **detailed budget** and financial plan to secure your future!

If you decide to reinvest your newly gained capital following your business sale, building a clear and detailed budget and financial plan to secure your future beforehand can be very beneficial. This not only streamlines the sale process and removes worries or hiccups regarding your financial future after your business sale, but it also provides an excellent opportunity to explore exciting new acquisitions and prioritise your future!

The numbers just keep getting **better and better**



\$2b+

of businesses listed on our global websites

250+

businesses sold globally per month (avg)

3,000+

businesses for sale internationally

73%

of buyers think about buying a business for up to three years

79%

of buyer prefer an established business

