PERSPECTIVES

What is your formula for sealing a deal?

DAVID GOWDEY • Managing partner, Jungle Ventures

In the venture capital space, there are two sides to the coin — investment and exit. At the time of the investment, it is much more about creating a solid relationship and ensuring that you are aligned with the founders, both over the short and long term. Having a strong partnership from the outset will hopefully ensure a constructive working relationship going forward. Like any relationship, it is about building trust, listening, and understanding what the founder wants to achieve and how you can help them get there. When the time comes to exit the investments, which in South-east Asia tend to be via trade sales, then the secret for closing the deal really comes down to understanding the buyers' specific needs and how your portfolio company can help them achieve their goals. Knowledge of the buyers' business, timing and understanding what is motivating them are all key elements.

PHOTOS: JUNGLE VENTURES, SUU BALM, MATCHMOVE, PROCURRI, FASTBOOKING

JASON HUMPHRIES
Co-founder, Suu Balm

Successful companies are built by sealing the right deals, so it is essential that you find a way to collaborate with a partner who brings complementary capabilities and credibility to the relationship — this is especially true for start-ups that do not necessarily have deep pockets.

In order to agree on the partnership, it is important to take the time to really uncover the motivations of your prospective partner. Avoid rushing into a deal. Understand what everyone's expectations are, get down to details and craft agreements that work for both sides to ensure it is a win-win for all those involved.

Then, when you go to market, you will be bringing a much stronger proposition than you could have managed by yourself, which will create more value for your business.

Finally, ensure you model and check your numbers rigorously.

SHAILESH NAIK
CEO, MatchMove

Qualify: As early as possible, qualify the customer or investor in terms of your objective. Evaluate their goals and align them with your own strategy. Qualify in terms of their ability to execute their part, do not get dazzled by their promises of what they can do, look instead at what level their organisation is. Addressing doubts early in the dialogue leads to a stronger partnership later.

Be patient but enthusiastic: Understand the other side have their own priorities and deals do not move as fast as you hope. Balance sustained interest and losing interest. Ensure you maintain quick responses and regular follow-ups once you have sufficiently qualified a potential partner.

Walk away quickly and firmly from "bad businesses": Qualification according to your business-driven criteria will filter out deals that could be difficult. Choosing quality over quantity will improve your credibility for your next deal.

SEAN MURPHY
Global CEO & executive director, Procurri Corporation

Understanding your prospects' needs and motivations is key to sealing the deal. Before you can even convince your prospects that your solution is the best fit, you have to first understand their "decision drivers", that is, what do they want and need from this deal.

You should also be able to identify what the decision-makers are motivated by — are they attracted by the incentives you are offering, or are they just trying to ensure sustainability of the business.

Thereafter comes an integral part of closing the deal, which is often overlooked by many dealmakers.

Never assume that your prospects will see how all the jigsaw pieces come together.

You have to show them how and why your offer on the table connects the dots. When all the criteria have been met, do not delay in asking for the contract.

GUILLAUME DE MARCILLAC
Co-CEO, Fastbooking

My successful approach to sealing a deal is one that is crafted with simplicity and transparency. Avoid small print, caveats or long sentences. Keep it concise and state clearly what is being pursued by both parties to achieve those ultimate objectives.

My fundamental approach: Less is more. It is far more complicated to craft a condensed and comprehensive document as compared to a long and convoluted one. By doing so, the greatest driver is to listen and more importantly, understand your partners' requirements and objectives so as to align their goals with yours. To realise this, you need to adapt and embrace your partners' local culture and sensitivity. Our strength and expertise in Asia give us a strategic edge in forging deep and strong bonds with our partners.

• Compiled by Rumi Hardasmalani (rumih@mediacorp.com.sg)

UK economy to grow faster than pre-Brexit poll forecast

LONDON – Britain's economy will grow faster this year than was predicted even before the referendum took place, analysts believe, proving wrong the dire forecasts that the Brexit result would push the UK into an instant recession.

Independent forecasts compiled by the Treasury show that the economy is performing far better than expected in the immediate aftermath of the vote.

In June, the average economist thought GDP would grow by 1.8 per cent in 2016, a forecast which was slashed in the wake of the June 23 referendum.

But since then, the country has proved resilient, so economists now anticipate growth of 1.9 per cent for 2016.

That contradicts the then-Chancellor George Osborne's claim that "a vote to leave would represent an immediate and profound shock to our economy. That shock would push our economy into a recession".

There are still some substantial negative effects, however, particularly into 2017 when the impact of falling business investment and the drop in the pound are felt more strongly.

• The analysts do expect export growth to outpace imports as a result — exports are forecast to grow by 3 per cent next year, more than double the 1.4 per cent predicted rise in imports.

GDP growth forecasts for 2017 were slashed from 2.1 per cent in June to 0.5 per cent in July immediately after the vote, before regaining some confidence.

The average new forecast now predicts GDP will increase by one per cent next year.

Economists expect consumer spending to grow by 1.3 per cent next year — roughly half its 2016 pace — as wage growth holds steady at 2.4 per cent through 2017.

Inflation is forecast to rise from 0.9 per cent in the latest official data to 1.2 per cent by the end of this year and 2.4 per cent by the end of next year, in part because of the sharp fall in the pound which pushes up import prices.

The analysts do expect export growth to outpace imports as a result — exports are forecast to grow by 3 per cent next year, more than double the 1.4 per cent predicted rise in imports.

"The clearer growth impact from the weaker currency will be the rise in inflation, which next year will constrain the real incomes of households and non-exporting businesses," said Mr Allan Monks, of JP Morgan, who says inflation will rise "to almost 3 per cent next year". **THE SUNDAY TELEGRAPH**