

# The Business Intermediary or Broker

## *The Who, How and Why So Much?*

In today's market place, 80% of all businesses for sale – are for sale by owner ("FSBO"). Coincidentally, four out of five businesses on the market never get sold? Does that mean that FSBOs never sell or only the businesses represented by brokers do sell? Well, they don't always sell either.

Don't you think there may be some kind of correlation between the low percentage of businesses for sale that are represented by professionals (20%) – and the high percentage (80%) of all businesses that are NOT sold?

What happens to all those businesses that don't get sold? They close! Often, the seller just waited too long (sometimes a few months) before placing the business up for sale. And now it is just one last attempt to salvage something from a bad, financially hemorrhaging business situation.

## The Most Important Financial Decision

Selling your business, for many owners, is the most important financial decision and the most important investment decision (cashing out) made in his/her lifetime. So, when the IRS audits you, do you handle it yourself or seek an accountant? When you have a legal problem, do you just try and figure it out as you go along or seek the advice of an attorney? So, if one of the most important financial decisions and transactions of your life takes place, do you wing it and hope for the best? This is why having an experienced Broker/Intermediary can be so important and so very valuable.

## What Does a Intermediary/Broker Actually Do?

Every owner thinks or says out loud to him/herself, "What does the Business Broker/Intermediary actually do for their money (commission)"?

The simple answer is the Broker prepares you and your company for the process of making your business presentable, desirable, marketable and (sometimes to the most important person, Mr. Banker), financeable. The broker knows who your buyer may be and how much the buyer may pay. He/she understands what is valuable and what is not – to the buyer! He is the intermediary between potential buyers, their advisors and the seller that dispassionately facilitates the exchange of information and moves the process of divestiture forward to a successful closing.

Many owners often say "I know a competitor who will be interested" or "what's his name will buy this immediately". Just remember, competitors usually will pay the least. They already know your business, your market and your flaws, so why pay you? A good broker will try to create an audience, a market place with multiple buyers. You get the best price with an open, multiple

participant market rather than a one person bid. That's an advantage a broker brings, an understanding of – and the ability to create – a market and usually a higher sale price for your business.

An effective and valuable Intermediary is someone who will become indispensable to successfully selling your business.

His breadth and depth of industry knowledge provides you with some very important strategic transaction advantages:

- Knowledge as to how to make your business more valuable in the market
- Access to many means and methods for marketing your business
- Knowing how to confidentially offer and introduce your business to the market in such a way as NOT notifying your employees, vendors, bankers, customers and business associates as to the status and intention of you and the business
- Dispassionately representing your business and managing the transaction lifecycle from beginning to closing
- Understanding of the sales process known as the transaction lifecycle with all of its moving parts, participants and possible outcomes. The right broker is a confidant, advisor and the business's chief public advocate.
- Promoting both the business and its owner to all qualified, pre-screened buyers and their representatives – actively and enthusiastically
- Becoming both business consultant and coach in guiding and advising the owner through each step, with the many disappointments encountered, and providing strategies and solutions needed to overcome any objections.
- Trust and honesty; Someone who will look after his clients best interests, always accurately reporting the current situation to the owner and a tireless guide that will honestly represent the business and your interests to achieve all the owner's ultimate goals.

And finally, an outstanding Intermediary will – say what he means, means what he says – and... he/she will do it! And if he can't, for whatever reason, he should call you back and keep you abreast of the situation.