

What to Expect from a Business Broker

Anyone who is considering selling (or buying) a business wants to know the advantages of using the services of a business broker. They also want to know what to expect from using their services.

From the Seller's Viewpoint

Let's look at these questions from the seller side first. In most cases, the business broker is listing the business for sale. In the Listing Agreement, the business broker is representing the seller and is duty-bound to represent the seller honestly and fairly. A business broker is also charged with trying to get the highest possible price - and the best deal - for the seller. However, sellers must understand that, no matter how hard the business broker tries, it is the marketplace that ultimately determines the price and terms - not the business broker or the seller.

The business broker will keep the seller informed, on a regular basis, of the status of the listing and will do everything possible to maintain confidentiality concerning the sale of the business. However, selling a business is a two-way street and requires cooperation on both sides - seller and business broker. The broker needs to be kept aware of current information regarding the business, such as sales trends, major equipment purchases, inventory fluctuations and the like. The broker and the seller must work together; they are on the same side, and they should work as a team.

From the Buyer's Viewpoint

Even though the business broker represents the seller, he or she must still deal honestly and fairly with the buyer. The advantages for a buyer in working with a business broker are the many opportunities that can be presented to the buyer. Many buyers may think they want a certain kind of business, but, in fairness, they have no idea of the various businesses that may be available.

No one likes to waste their time, and business brokers can show buyers businesses that fit their pocketbook and still can provide the necessary income to provide for their families. Buyers want candor in the presentation of the business. The business broker is an intermediary - he or she can resolve issues and misunderstandings easily and quickly.

Professional business brokers bring value to the process of buying and selling businesses. They understand the issues and the details involved in the business transaction. They have the knowledge and experience to bring the sale to a successful close. If the buyer and seller are honest with the business broker - a win-win situation will result. In return, business brokers need a seller who is really a seller and a buyer who is really a buyer. Buyers and sellers should have high expectations about what the business broker can offer. At the same time, the business broker has the right to have the same expectations from them.

Almost all businesses include all of the following:

- Fixtures and equipment
- Inventory (or stock-in-trade)
- Goodwill (the reasonable expectation of future profits)
- Lease

Leasehold improvements

In addition, it is possible that a business might include one or more of the following:

A franchise

Customer and/or mailing lists

Patents/copyrights

Secret recipes

Proprietary software or other technology

All of these components, and others, may have a positive or negative affect on the asking, and ultimate, selling price of the business.

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