

## If it ain't Broke... Should You Use a Broker?

There are about 5.6 million small businesses for sale, and overwhelmingly, owners choose to do it themselves. In fact, 90% of the businesses that are on the market are For Sale By Owner. However, according to the U. S. Department of Labor and the SBA over 50% of the businesses that sell are sold through Business Brokers. Taking that into consideration, hiring a broker might seem like a good choice. But is it the right choice for you?

Selling your own business can certainly be an intimidating process. Selling your own home is one thing; you're working in terms of square feet and location. Selling your own business, you'll have to deal with complicated issues such as revenue, cost of goods, expenses, valuation, income tax returns, profit and loss statements, and more.

A business broker is similar to a real estate broker—someone who assists an individual or company in buying or selling a business. And they do have their advantages. Firstly, you'll be able to focus entirely on your business while your broker takes care of trying to sell it. Brokers bring professional experience that may help the process run smoothly, and they should know how to handle the necessary documentation and how to deal with potential buyers.

But working with a broker also has a certain set of disadvantages—first and foremost is the profit you'll lose in commission, usually between 5 and 10% of what your business sells for. Also, a broker's number one priority is to make a sale, not necessarily sale price.

So what should you do?

This is a very personal decision. Ultimately, it's going to come down to timing. Even the simplest sales can take hours of meetings, negotiations, and getting documents into order. If splitting your time between this process and continuing to operate your business will be impossible, you might want to consider hiring a broker.

Before you decide, ask yourself the following questions to get an idea of whether or not hiring a broker is right for you:

- Do you really have the time to do this?
- Have you ever sold a business before?
- Do you already have a buyer in mind?
- Are you willing and able to put in the work to prepare your business for sale?
- Do you have a reliable and experienced attorney that can help you with this process?
- Are you ready to make all of the decisions that come up along the way?
- Will your business suffer while you're trying to sell it?

Ultimately, you'll have to decide if your involvement in your business will prohibit you from devoting enough time to selling. However, if you've sold a business before, or if you've already got a plan in mind, going it alone is certainly a reasonable option. Armed with the proper resources—many of which can be found right here on BizTrader.com, it is possible to successfully sell your own business.