

Should You Hire a Broker?

There are about 5.6 million small businesses for sale in the United States at any given time, and while the majority of owners may choose to do it themselves, the U. S. Department of Labor and the SBA report that over 50% of the businesses that sell are sold through Business Brokers. So if you're in the market to buy a business, there's a decent chance you'll come into contact with a broker.

A business broker is similar to a real estate broker—they're someone who assists an individual or company in buying or selling a business. However, in business sales, brokers almost always represent the seller. Their profits come directly as a commission based on the selling price of the sales they make—paid by the seller. So while a business broker will always be eager to close the deal, you're ultimately a non-paying client. Adjust your expectations accordingly.

Working with a business broker does have its advantages for the buyer. Firstly, they may have access to listings that you can't find on your own. They also should bring professional experience that will help the process run smoothly, serve as a liaison between you and the seller, and they know how to handle the necessary documentation.

All considered, a business broker is not going to waste a lot of time helping you to find the right business or advising you about your options. They may provide you with tools to help with your search, but ultimately, you'll have to conduct it on your own. They also won't be able to help with negotiations and won't offer advice about valuations or making an offer. You'll need to establish your own team of advisors for this support.

At BizTrader.com, we provide you with resources and tools that will help you find a business, get valuations, and more, all on your own. But if you decide you'd like to use a broker, you can also search for one in our database. Before you get started, here are a few tips to help you find the broker that's right for you.

Choose a broker that specializes in selling businesses. While business broking is related to real estate, it's a very different process. Make sure your broker has expertise in this area. When you find a broker, don't hesitate to ask for references. Also find out how many businesses they've sold and how many listings they're currently handling.

Look for someone with a solid track record and check out professional associations and accreditations. They shouldn't be the overriding factor in choosing a broker, but certification should give you a little peace of mind.

Ask questions. Make sure you're clear about every aspect of your relationship and how your broker works. Will they give you priority when sharing listings?

More than anything use your instincts. If you like a broker's attitude and feel you can trust him or her, you'll probably be able to establish a working relationship. Just remember that while a broker may be able to offer you some help, no one is more invested in your investment than you are—and you're in charge of the big decisions!