

## **Business Brokers -- Do You Need One?**

The pros and cons of how a broker can help or hurt you in the buying or selling process

By **Richard Parker** | Diomo Corporation

### **Question:**

One of the most frequent questions I am asked by prospective business buyers is whether or not they should hire a business broker. My initial response is always: "yes...but". The "but" is that you should "use" one, not "hire" one. A business broker can have a very specific and important role in the buying process. The "but" is related to understanding what that role is.

### **Answer:**

Business brokers almost always represent the seller. The seller pays their commission and even if they are assisting you in the process, they have a fiduciary duty to the seller. This is not to say that they won't provide you with helpful advice.

### **Why then, you may ask, should you use a broker?**

In the past thirteen years, I have personally purchased ten businesses. I have used a business broker in nearly every transaction. Even though I would consider myself a very savvy buyer, there are three things that a business broker can do that are very helpful.

#### **Business For Sale Listings**

They can provide you with access to business for sale listings and details about the business that you may not discover on your own. Although the majority of businesses sold in the U.S. are not done through brokers, some states have a multiple listing service of businesses for sale, similar to residential real estate. In states that do not offer this, brokers will often only show you their own listings. In those cases, you'd have to work with several brokers just to see a variety. You may want to search for your states, "business broker association" and see if such a service exists.

#### **Always Good To Have A Buffer Between You and The Seller**

They can be a conduit to help deliver bad news to the seller. There may be instances where you have to retract or modify an offer and certainly times where you'll need to adopt an aggressive negotiating position. Since you'll most likely need the seller to train you after the purchase, it's not a good idea to aggravate them too severely. As such, let the business broker deliver the bad news.

#### **The Paperwork Is Astounding**

A business purchase, no matter how small, requires a tremendous amount of coordination and document chasing. The data you'll need from a seller to evaluate a business, the documentation required to close a deal and the overall chasing that must be done between buyer/seller and their professional advisors, can be astounding. A good broker will be an enormous help putting all of it together.

#### **Using The Right One**

In addition to being frequently asked by readers of my book about brokers, I also receive the greatest number of complaints from readers, about brokers. While many of these complaints are justified, equal amounts are due to a basic misunderstanding of what a broker can or cannot do.

A business broker cannot help you buy the right business. They can assist you, but ultimately, it is up to you to make that decision. A business broker cannot afford to spend countless unpaid hours searching for the right business for you. The search is something that you must do. They'll provide you with the tools to do it, but it's your responsibility to get the ball rolling. A business broker cannot conduct the investigation for you. They may suggest common things to look for, but they won't be your detective. A business broker cannot negotiate the best deal for you. Most will certainly attempt to bring all parties to a point of understanding, but if you want the best deal, then you must realize that nobody cares more about your investment than you do.

Meet with several until you find one who makes you feel comfortable. In my course, *How To Buy A Good Business At A Great Price*, there is an entire chapter devoted to hiring and using the right broker, however, here are a few questions you should ask them including:

[Download expert tips, and proven strategies](#) covering the entire buying process. Learn how find and buy the right business and

negotiate a great price. [Click here.](#)

Download a [200-Point Due Diligence Checklist & Strategy Guide](#). Learn everything about any business before you buy. [Click here](#)

Get more expert advice in Richard Parker's [How To Buy A Good Business At A Great Price](#) - the most widely used reference resource and strategy guide for buying a business.

*"I highly recommend this course to anyone even thinking about buying a business."*

**- Dylan Garland**  
**President, BizQuest**

#### About The Author

---

**Richard Parker** author of: [How To Buy A Good Business At A Great Price](#)(TM), the most widely used reference resource and strategy guide for buying a business. He has purchased ten businesses in his career and has helped thousands of prospective buyers worldwide learn [how to buy the right business for sale](#). He is also founder and President of [Diomo Corporation](#) - The Business Buyer Resource Center.

Richard Parker is also the author of [BizQuest's Business for Sale Blog](#)