

Finding the Right Business Broker

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W. Stewart Blackburn didn't hire a business broker to sell the businesses he owned with his wife, Suzanne, until he found someone entirely devoted to the challenge. "I got to the point where I realized that there was no point in going with anything less than the most competent [broker], even if at the outset it cost more money," Blackburn recalls.

The businesses, Fancy Fare Distributors, in Bangor, Maine; 'Stache Foods, a manufacturer of gourmet and specialty foods, in Bremen, Maine, and Nomad Apiaries, a producer of honey, in Bradley, Maine, were sold in July 2000 by Glen Cooper of Maine Business Broker's Network in Portland, Maine. What Blackburn saw in Cooper was a commitment to selling businesses and a better than average success rate. "Oftentimes a business broker will be selling in the neighborhood of 20% to 25% [of the businesses he or she lists]," Blackburn says. Cooper's success rate was up around 50%, he says.

So when it came to paying for Cooper's service, Blackburn felt it was well worth it. Cooper's fees were a combination of upfront payment and commission. "We opted to give Glen the least amount possible upfront recognizing that we had to give him more at closing," says Blackburn. In return, Cooper did an enormous amount of work. "Sellers need someone who is going to act as a genuine advocate, like a lawyer," says Blackburn. Cooper spent time with the Blackburns, learning every detail about the businesses, including the pros and cons.

And Cooper created a "very sensible" brochure about the business that was detailed and thoughtful, so anyone coming to look at the business had the information they needed to evaluate it.

"Another business broker didn't do much for me," Blackburn says. He took the jobs that were easy and was happy to have lots of listings, but he relied on word-of-mouth marketing to get the word out on the businesses. "He pushed the things that came easily as opposed to getting out there and making a serious effort to find an appropriate buyer," recalls Blackburn.

Interviewing more than one broker, paying attention to success rates and fees, and determining how committed a broker is to selling your business are just three ways to determine whether or not you've found a reliable broker. Tom West of Business Brokerage Press, in Concord, Mass., suggests interviewing five or six brokers, checking the Better Business Bureau for complaints about the brokerage, and checking out references. "Most brokers will give you some people that they've sold a business for," West says. "Find a broker who is willing to sit down and work with you -- someone who will show you how the market works," he adds. He also suggests checking out the broker's Web site and the local papers to see how active the broker is.

But even though finding a reputable broker is important, it's not nearly enough to ensure a sale. "The first part is to find a broker with a high success rate, the second is to be willing to spend the money to go with that broker, and the third is to give that broker every lick of cooperation that you can," says Blackburn, even if it means scheduling appointments at inconvenient times or reviewing the minute details of your business. It also means being open with prospective buyers about the pros and cons of your business and, he says, giving them the "honesty that fosters the trust that is required for someone to make the investment."

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