

## 10 Tips On Selling Your Business With a Business Broker

Some readers will be asking; why use a broker, why pay these fees when I could do it myself? The answer is quite simple, the business of selling a company is involved and time consuming which could easily lead you to neglect your business while trying to sell it. Such neglect could create problems, reducing the value of the business by more than that saved in not paying fees to a professional broker.

Example benefits from using a professional broker are; the necessary knowledge to conduct a thorough sales campaign, experience and objectivity to avoid damaging conflict, and negotiation skills directly relevant to getting you the best possible deal.

So if you decide to use a broker, here are some thoughts that will help you to select and then engage successfully:

1. Before talking to any brokers have a reasonably clear idea of what you want to achieve by selling your business; your ideas on valuation, deal structure e.g. cash versus shares, whether you want to stay with the new entity once the deal is done, willingness to accept an earn-out, and any other key issues for you. At this stage, these will be generalised ambitions which will only become solid as the broker helps you to understand what can really be achieved.
2. You also need to decide what sort of broker you think you will be able to work with effectively. For example, if you are selling a £2m company, you do not want a large commercial bank and it is unlikely that they will want you. You need a broker that feels comfortable.
3. Your broker should be sensitive to your objectives. They need to understand you and your market and they need compatibility with you and your aims. This comes down to the relationship that you will need to build with the key person that will be working on your deal; put simply, can you get along? This is important for those fraught times at different points during the selling process when unless the relationship is sound from the outset it might interfere with the smooth running of the deal.
4. You need senior level attention from your broker. If your deal is comparatively small for the firm you have chosen, there is a danger that much of the project will be assigned to a junior. While some backroom assistance is acceptable, it is important that the main broker runs the whole deal.
5. Ensure your broker has a well tested process that you understand and are comfortable with, and that will deliver a successful sale of your company. By

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talking to several potential brokers you will quickly come to understand the norms of the sale process and this will help you to evaluate each broker and make your selection. Don't hesitate to ask for and take up references from satisfied clients.

6. Ask what the brokers include in their services. If you have decided that you want a full service broker covering everything from strategy, target search, full project management through to final completion, ensure they demonstrate that they can cover the whole sale process and ideally from their own resources.
7. In addition to the brokerage service you will need legal, accounting and tax advice. It is not necessarily the best plan to buy all of these services from a single supplier; you want the broker to be very focused on getting you a successful sale and not to be distracted by other fee earning activities.
8. Obtain a full quotation before you commit and make sure you understand the basis for charging fees and expenses and in particular whether there are any additional fees based on contingent events.
9. Another important thing to consider in connection with fees is whether the broker will want, and you will be willing to pay, such things as; consultancy fees, advances, deposits or retainers. In some cases the broker will deduct advance fees from the eventual success fee but in other cases, they will be over and above the success fee – be clear before you sign up.
10. Your total fee commitment will include the legal, accounting and tax advice as well as the broker's fees. The good news is that you will not have to spend a lot of money before you have accepted a firm bid which helps to reduce the risk of paying fees without selling the business.

In summary, chose your broker carefully, you are going to spend a lot of time together working on what is a very important project for you. You need to be able to get along in good times and bad. A good broker will typically increase the value of your transaction and will easily justify their fees.

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