

Selling Your Business?

We've been in your shoes.





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Here are the questions we'd ask if we were wearing your shoes again.

One of the best principles of business is to surround yourself with people smarter than you and trust them to put their expertise to work for your company's benefit.

Using a business broker to sell your business is a prudent direction to make sure your financial best interests – and your legacy – are looked after. Before placing your business assets in any business broker's hands, asking the following questions is a good place to start.

How should a business broker market my business?

Brokers work hard to sell your business. After starting with a plan, brokers first rely on their existing network of buyers. The reach of a broker's buyer network is one of the most important considerations in choosing a broker. Brokers carefully attract and retain those business buyers and then screen their buyer list to match the seller's needs. Brokers will also list your business for sale (confidentially) through advertising on their own website and other national sites. More on that next.

How should a broker protect the confidential data of my business sale, without letting my competitors know?

Business brokers are always very nervous about approaching competition. Buyers should be screened first. When a potential buyer is in the same industry, a broker should be very careful to get approval from the seller first, and non-disclosure agreements should be in place before those conversations begin. Your business listing will be constructed carefully to give limited information so your business name is not divulged.

How do brokers show my business?

Showing your business isn't the same as showing a house for sale. A business should have an online listing and marketing collateral to discuss the businesses in general. This includes the business history, market competition, staffing and key financial measurements.

When a screened buyer is interested, the seller and potential buyer should begin the interview process. This is best done at the broker's office with additional meetings held after hours at the business location. The seller will generally make a presentation to the buyer, with the broker's help and guidance. This is also an important time for the seller to interview the buyer. Is the buyer the right fit for your business?

Do business brokers cooperate or partner with other business brokers? Under what conditions?

In some states, even realtors can sell a business. In that model, some business leads may be shared. Most traditional business brokers will not want to share business leads. Brokers should be selective about when they share and should instead opt to hold strict confidentiality. When sharing with other brokers is deemed appropriate, the process should be tightly controlled.



How often should business brokers contact me with updates on selling my business?

How often you hear from your broker should be up to the seller. In general, a business broker will be in contact with you when there is movement on the sale that you should be aware of. Business owners are already burdened with running their businesses. Brokers should provide updates as they happen, but if the broker doesn't have any updates, they should just let you keep running your business! If you haven't heard from your broker in a while, you should check in. If you want more frequent conversations with your broker just let them know.

Does my business appear on any websites? Which ones?

Your business listing will appear on the broker's own site, plus many other business sale networks like Biz Buy Sell. Your broker will also push the listing out to their buyer network to get the word out further. Marketing a business is similar to marketing other products and services – the listing needs to be placed where likely buyers are going to find it. Your broker should use all of these tools to make sure your business is visible.

What kind of insurance should a business broker have?

A business broker should have errors and omissions insurance. Errors and omissions insurance (E&O) is a type of professional liability insurance that protects companies, their workers, and other professionals against claims of inadequate work or negligent actions. Many brokers don't have E&O insurance, and that's a risk to their brokerage business and their clients.

Is there an advantage to having a business brokerage belong to associations or trade groups?

It's important for any business to participate in their industry associations. A business brokerage is no different. Education, training, and keeping up on both laws and industry trends is an important component of making sure your broker is dedicated to excellence. Trade associations also provide a framework for professional accountability and ethics to follow. In general, a business broker who is dedicated to these activities will be better at what they do, resulting in a more professional broker representing your business sale.

What should I look for in a listing agreement?

To get a business broker dedicated to your transaction, you should expect an exclusive agreement with your broker, so one broker is marketing your business. If many brokers are involved in the sale of your business you may expand the potential network of buyers, but there's typically less control and more likelihood that word gets out that your specific business is for sale. Typically, brokers operate on a 1-year agreement – businesses can take some time to reach a transaction. And you should plan your time accordingly – broker contracts will require the seller to participate actively in the process and provide information as needed.

Any fees should be clearly laid out in your agreement. You should be able to get a sample copy of the business agreement for your and/or your counsel to review.



What is the offer process?

A well-established broker should have a set of offer forms that have been tested and modified to handle different situations. These documents should allow for a buyer to make offers with contingencies, such as financing, due diligence timeframe, obtaining a lease or license, etc. The purpose of these forms is to agree to the basic terms in a straightforward manner to get both parties moving forward.

What are the biggest differences among business brokerages?

There are many different kinds of business brokerages, and differences among them are likely to be visible early. We've mentioned that a broker's buyer network is an important consideration – the size of a broker's network is a key selling point. The number of brokers in the office can magnify your broker's ability to make sure your business is visible. You should also look at the history, education, and certification of the brokers – were they business owners prior to this role? That can help your broker understand your perspective, and help them understand how to value a business. Finally, your business broker should include a network of professionals (legal, banking, accounting) to help both buyer and seller of the business get a deal done!

At the end of the day, you should find a broker you'll be confident will get the best price possible and help put together an exit or succession plan.

About Apex Business Advisors

Whether your heart is set on selling your business or you are just considering your options, it's a good idea to talk to our experienced staff.

These FAQs may have sparked more questions. Let's talk about maximizing value and developing your exit strategy soon or down the road. We both have the same goal: to get you the largest return on investment while minimizing your company's time on the market.

In one free, no-obligation meeting with an Apex Business Advisor, you'll be able to determine if your plan for selling your business is on the right track. And, more importantly, how to set it straight if it's not.



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