



Hyde House Consulting & Broking – Advice for Business Owners

Common Broker Tricks and Tactics to Get You to Sign Up!

www.hhcbs.co.uk | mail@barryparsons.com

1. **“We are so successful we have loads of businesses signed up!”**
 - Having ‘loads of businesses to sale is not a good thing from a sellers perspective. It points to a model of the broker surviving off sign-up fees rather than successfully completing transactions. Why do you have so many businesses for sale? How long have they on average been on your books? How will you sell them? All of these are reasonable questions to ask. Boutique firms concentrate on personal client relationship rather than volume sales.
 2. **“Your business is worth much more than that!”**
 - Just like some estate agents, Business brokers think that if they provide you with the highest valuation and flatter you, that you will then sign them up. This is a recipe for disaster which will not only slow down the sale and frighten buyers away but will also lead to frustration with your adviser when he eventually tells you that you have to reduce the price. A simple test is ‘how much would **you** pay for your business?’
 3. **“We have thousands of buyers for your business”**
 - Yes this is a real quote! How can there be thousands of buyers for your business. No one yet knows what your business is about! Then they claim they will carefully whittle down the thousands of buyers to a few hundred! Still an insult to your intelligence. Then incredibly they will produce a number of people ready and able to buy your business. Don’t be taken in by people that blanket mail, email and tele-market businesses of all kinds and sizes without any insight into the complexities and personal requirements of buyers and sellers. Only when the broker has been fully briefed by you should he be able to give an honest assessment of value and likelihood of sale.
 4. **“We have exclusive and intelligent research tools that will identify your buyer”**
 - The Internet can be dressed up as many things. Placing an advert or doing some ‘googling’ is what you might actually be paying for. Research tools are commonly available to agents. These tend to point to the past and not the future. So the differentiating factor is how proactive and connected to the market sector your broker is. Placing an advert is not broking the business.
 5. **“To get started with this extensive research we need a large fee and when we sell your business we need a large percentage”**
 - Cake and eat it comes to mind. The only measure of success for a broker is concluding a transaction. Therefore while it is perfectly reasonable to pay a small fee to get things started it is not reasonable to pay both a large fee (more than £2k) and a separate success fee.
 6. **‘Sign here’**
 - Do not get pressured into signing an agreement. When you are happy to sign make sure that the agreement does not limit the things that you might reasonably want to do. E.g. If you happen to find the buyer yourself you may not want to pay the full fee. If the agreement is longer than 2 pages, you potentially have a problem. Why is the agreement so complicated on paper when the verbal agreement is simple? You should take legal advice or at least compare terms.
- Our Terms – <http://www.hhcbs.co.uk/terms.pdf>

Call or email Barry Parsons for a free consultation.

01604 864 353 – mail@barryparsons.com