

## THE GUIDE TO BUSINESS BROKERING by Business Broker Training Center

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Scott Radin, Founder & Owner & Trainer - the Business Broker Training Center

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Cell – Text 716 472-2684 \* [www.businessbrokertrainingcenter.com](http://www.businessbrokertrainingcenter.com)

Email – [scott@businessbrokertrainingcenter.com](mailto:scott@businessbrokertrainingcenter.com)

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### **ABOUT OUR FOUNDER & Author of this guide**

Scott Radin has been training and supporting business brokers worldwide since 2001 and to date has trained more than 700 business brokers and an amazing 93% are still brokering. Many of the brokers whom he has trained now do in excess of \$1,000,000 in annual commissions and other brokers whom he has trained have been feature in Forbes, the Wall Street Journal and Business Week to name a few. Scott is also the author of Buying A Business For Dummies being sold worldwide and his past accomplishments also include developing a business brokering business for sale network that was featured in Trump University 's book Entrepreneurship 101 as well as being consulted by the legal profession on the proper business brokering principles and ethics.

Scott Radin is also a successful business broker in the Western New York area and he has been around the business for sale environment since 1986. He has been involved in the sale of hundreds of businesses both locally and worldwide while following a stringent code of confidentiality and ethics. In Western New York he has appeared on the local television news as an industry expert and has written various newspaper articles on the local business environment.

Scott Radin is considered a pioneer in the business brokering field and over the years his business brokering systems have evolved with the changing business climate and client needs. In Scott Radin you are getting a business brokering professional who will teach you what works now instead of the archaic principles that may have been used in the distant past. His new systems of utilizing the Internet to generate new leads and sell businesses have proven quick success to the brokers whom he has trained and created a changing business brokering climate worldwide.

Over the years the competition has tried mimicking Scott's innovative systems only to fall short without the complete knowledge at their disposal. But imitation is the best form of flattery so having the competition try to keep up only serves as further testimony to his status as a leader in the business brokering field.

### **I. THE BUSINESS BROKER INDUSTRY**

So what is a business broker and what do they do? A business broker is a fully trained intermediary assisting business owners to sell their business in a confidential manner to qualified buyers. Not only do business brokers provide a vital service to business owners and buyers but they are also highly sought after by both sellers and buyers. While you are playing a vital role in the business community, it is also a very lucrative career for you – on average business brokers earn 8%-10% of the overall sales price that generally ranges between \$250K to 2-3 million.

Business owners (sellers) need a business broker for 5 main reasons. ALL of these reasons begin and end in CONFIDENTIALITY. A properly trained business broker protects the confidentiality and integrity at all times. So the 5 reasons for confidentiality are...

1. Customers / clients would go elsewhere
2. Employees would look elsewhere
3. Suppliers / creditors might pull credit
4. Landlord might make life difficult if they knew
5. Competition would almost surely RUN WITH IT

*19% of all North American small businesses will have an interest in selling within the coming year - The Wall Street Journal*

Business brokering is a rapidly growing industry because of three reasons...

1. The Baby Boomer led ownership generation is retiring
2. A down economy (corporate cutbacks ) provides increased buyers
3. The franchise revolution has educated more people on self-ownership

So as you can imagine, any business owner thinking of selling is terrified to put his or her business on the public market for fear of how it will affect the business if it takes long to sell or does not sell. And by the way – they are 100% accurate in their fears as a business is permanently damaged by being sold on the open public market.

Then along comes a business broker to protect the confidentiality and integrity of the deal at ALL times. Just as you are probably imagining right now – a seller will jump at the opportunity to work with someone specifically trained in all confidential processes.

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### **Are business brokers and real estate brokers similar?**

Sometimes business brokering and real estate brokering are considered the same career. This statement could not be further from the truth. A real estate broker is responsible for marketing and sales of a "real property based" residential or commercial property. By "real property based" we refer to the house-building or any other tangible assets attached with and included in the sale of the property.

A business broker is responsible for the "asset based" marketing and sales of existing businesses. This may or may not include property but it does include all assets from the name itself to cash flow and ALL equipment and inventory etc. The largest difference between a business broker and real estate broker - and biggest marketing tool- is that business brokers have to obtain commitment on a sale under strict confidential and discreet procedures.

A real estate brokers sells the property and a business broker sells the business. They are not competitors rather they are allies.

Business brokers are not just needed THEY ARE SOUGHT AFTER! 90% of all business owners are not aware of a business broker's actual systems and procedures. They are not aware of the lengths brokers go to in protecting their confidentiality.

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## **So what do business broker's make – business brokering stats...**

- You will list 4 businesses out of every 10 seller leads
  - You will sell 4 businesses out of every 10 businesses that you list
  - The average commission per business sold is \$37,000
  - 4 businesses sold x \$37,000 each = \$148,000
  - Part time brokers sell 4-6 businesses per year = \$148,000 - \$222,000 +
  - Full time brokers sell 7-12 businesses per year = \$259,000 - \$444,000 +
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## **II. THE HISTORY OF BUSINESS BROKERING**

The history of business brokering traces back to the mid- 20<sup>th</sup> century where the growth of small locally owned businesses rose from the advancement of better advertising channels spurred by technology. The original brokers were attorneys and accountants who sold these businesses in a confidential manner to an “old boy’s network” that they developed through their client base. But these “old boy’s networks” were usually very limited and the attorneys or accountants were not experts at – nor interested in – marketing the business.

From these origins rose true business brokers in the 1970’s specifically trained in processes designed to not just protect confidentiality but to also market businesses on an ongoing basis under these confidentiality restrictions. The marketing resources back then were still limited and the early business brokers found great difficulty in selling businesses – and making money in doing it. There was no Internet or electronic communication to share information so marketing was difficult and very expensive.

The 1980’s saw the Internet arrive and a boom in franchises offering business brokering services. But many of these franchises were not prepared for the interest and took in too many people without thought to the quality of the business brokering services being offered. So while some of these franchises have succeeded through today, many others were felled by their own greed for money and lack of education in training.

The 1990’s saw the evolution of business brokering related organizations and associations offering special certifications and designations that meant little other than a reference on a business card. This decade also started to see some states like Florida and California recognize the need to license business brokers under a real estate broker’s designation. In these states, real estate brokers began to cross over into business brokering.

The 2000’s became the decade of BSN. Co-Founded by Scott Radin, BSN became the pioneers in independent brokering backed by a full support network and services. After BSN’s concept proved successful, many others tried and failed to duplicate their methodology. Scott Radin and BSN brought business brokering careers to the forefront of the brokering industry.

In 2009 Scott Radin branched off and formed the Business Broker Training Center. He took business broker training and support to the next level by providing a comprehensive online training package to go with his live training programs that he had been using for nearly a decade. Again others followed putting together their own online training programs but none had the ability to combine real live training audio with a textual classroom. Most recently Scott has added a new and complete training subject training the use of viral and social networking to generate leads and sales – and we are sure others will follow.

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### **III. THE DIFFERENCES IN TRAINING PROVIDERS**

There are many types of training providers to choose from.

#### **A. Independent Business Broker Training**

Independent business brokers can set-up and operate their business brokerage using any philosophy and system that they wish. These brokers also generally keep 100% of their sales commission. The optimum way to be successful as an independent business broker is to complete a full training program from a business broker training provider who OFFERS HANDS ON TRAINING and ONGOING SUPPORT as part of their fee.

Many independent business brokers try to get into business brokering by reading a book or watching a tape. The failure rate of these brokers is high because they have no support mechanism and their formal training consists of outdated historical text without any real and ongoing understanding of the business brokering market.

If you want to be an independent business broker yet achieve success then finding a training provider who will train you in person and support you as you move along is the only way to go!

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#### **B. Franchise Business Brokering**

Another very common route taken by new business brokers is to buy a business brokering franchise. Good franchises offering business broker opportunities bring stringent structure and rules to the business broker office. This is recommended for anyone wanting to get into business brokering but fears their own motivation to succeed.

The downside to buying a business broker franchise is that the start-up fees are generally much higher than independent training and generally comes with commission splits and possibly quarterly fees.

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#### **C. Business Broker Agents**

A heavily recruited career is to become a "broker agent" instead of a managing business broker. This is where you go to work for a managing broker under his or her brokerage. You will receive some training BUT not enough to allow you to someday branch off on your own.

If you go to work for another broker, your commission split will generally range between 25-50% of the overall commission collected as the managing broker generally keeps at least 50% off of the top.

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#### **D. Books – Software**

There are many online firms offering cheap training through books and/or software. The old adage "if it appears to be too good to be true then it probably is" is a perfect term for these outfits. There is a viable reason established and reputable firms charge hundreds to thousands for hands-on training so a firm offering complete training for peanuts needs to be viewed with great skepticism.

There are some great books out there that we recommend for ESTABLISHED BROKERS to use as reference but NOT as primary training. Look at it this way – if you were starting a new job that involved high risk and high reward for your clients, would you want to dive in with only a book to guide you? No, you would want someone training and supporting you with real life experiences.

Most brokers who try the book or software route almost always end up going to a full training and support firm. We know – because we have trained them!

#### **IV. BUSINESS BROKERING MYTHS**

Here are some business broker training provider secrets that OTHERS do not want you to know....

**MYTH-** Business brokering is a difficult process. Frequently providers will portray a complex system of checks and balances to justify a high fee. Like any service business, the more complex they can make it sound – the more they can charge.

**SECRET** – it is a very simple process of putting business buyers together with business sellers then moving them into a structured process from interview to offer then onto closing.

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**MYTH** – Business brokering requires endless cold calling to find leads. This is commonplace for providers offering networking and referrals as a leads source. It is their sales pitch to you so you do not fear having to do endless cold calling. FYI -many will then recommend cold calling AFTER processing your fee.

**SECRET** – cold calling is not necessary – EVER – if you are taught how to educate potential clients. It is such an easy process that it can be taught in less than 30 minutes and has a huge success rate.

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**MYTH** - Franchises are the only way to achieve success as they are the only ones who provide ongoing support tools. This a pitch used to justify higher start-up fees that franchises offer.

**SECRET** – there are independent firms like ours (shameless plug there) who provide superior support tools without the ongoing franchise splits and fees. They are able to do so by offering other revenue driving systems that capitalize on the broker's success. For instance, we provide unlimited support without ongoing fees because the more successful we can make the broker – the more they will use our revenue centers. While the broker gets commissioned for using these revenue centers, the vendor provides us a referral fee for same.

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**MYTH** – The IBBA or ABBA are governing bodies of business brokering.

**SECRET** – they are networking associations with training offered for an additional fee. There is no national governing body patrolling business brokers and in some states they fall under the state real estate statutes while others do not.

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**MYTH** – You have to use a firm that has a national database of businesses for sale.

**SECRET** - if you are trained properly you will have your own database with your own listings. Really, if you were brokering in Boston MA – what good is a national database of businesses for sale where none apply to your area.

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**MYTH** – it is best to start by working for an established business broker. This is a ploy used by existing business brokers to recruit agents to do their work for them while keeping at least 50% of the commissions you earn.

**SECRET** - if you are trained properly you will have your own business brokerage working leads within a few days of launch – and you will keep the majority (franchise) or all (independent) of your commissions.

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**MYTH** – in order to place a value on a business, you need to do a third party valuation. This is used by firms as a pitch to recruit you with the grandeur of generating immediate revenue from every listing. Generally the training provider requires you to use their valuation vendor in return for splitting the fee that you charge.

**SECRET** – placing a market value on a business is so easy that just a cursory look at the seller’s tax returns will provide a good idea on the value of the business. Good providers will teach you a simple and effective technique to placing a value on a business. As mentioned elsewhere herein, getting a small business owner to pay a “valuation fee” is not realistic though looks great when the training provider sells you on it.

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## **V. WHAT MAKES US UNIQUE**

So what makes a Business Broker Training Center (BBTC) Business Broker Unique? It is our philosophy and marketing approach. We have the approach that great service will lead to income instead of being income driven by providing service. Let us take a look at standard practices out there and compare to BBTC.

**STANDARD** – Business brokers have a tendency to set monetary goals which can breed greed to do whatever they have to do to achieve these goals. This can result in unethical or immoral practices.

**BBTC** – We are strong believers in setting service orientated goals. In other words if you provide a good service then the money will follow.

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**STANDARD** – Business brokers have a tendency to list as many businesses as they can with the belief that increasing the number of businesses listed will increase the number of businesses sold.

**BBTC** – We believe in being selective and only taking 12-15 quality listings that we feel strongly that we can sell. They have to be good profitable existing businesses with a proven cash flow that we can prove. It takes time to sell businesses and any more than 12-15 per broker will result in the broker’s inability to put quality time into any of their listings.

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**STANDARD** – Business brokers have a tendency to take all listings that come along no matter the value or market. They take listings with no value to show an “inventory”.

**BBTC** – We believe in being very selective in the listings that we decide to take. If the listing has no value then we are only providing a seller the false sense that his or her business will sell. BBTC brokers walk away from more listings that they take. But what they end up with are listings that are market ready and show the value to entice buyers to place offers.

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**STANDARD** – Business brokers are told and firmly believe that the only way to achieve success is through endless cold calling.

**BBTC** – We do not believe the broker should be cold calling. We use a combination of specifically targeted educational materials through mail coupled with a vast networking system BBTC brokers learn to set-up. We target specific industries with a piece that reads as though it is directly targeted at the individual owner.

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**STANDARD** – Business brokers believe in pressuring business buyers by using such techniques as requiring that they place a deposit to see financials or even learn anything about a business. These brokers use a “strong arm” technique that convinces buyers that this is standard practice.

**BBTC** – We do not believe in pressure – rather we follow a Full Disclosure process that develops the business in segments while building trust with buyers. BBTC business buyers do not place any deposits until they submit an offer.

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**STANDARD** – Business brokers use need valuation software as the prime method of determining value on a business.

**BBTC** – BBTC business brokers are experts at placing their own market value on a business using the same formulas that lenders use.

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**STANDARD** – Business brokers treat confidentiality as a sometime thing. Many business brokers will provide business names and addresses to buyers to “drive by” BEFORE they have the buyers sign confidentiality documents. The theory is that the “drive by” will create interest. The broker will tell the buyer “just don’t tell anyone”.

**BBTC** – Every buyer signs all confidentiality documents prior to learning anything about a business. We take it so far as to discourage them from going near the business without us – the broker – present. And all of this AFTER confidentiality is in place.

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## **VI. YOUR POTENTIAL CLIENTS**

### **a. The Business Owners?**

Your business sellers are business owners wanting to sell their business without the general public knowing about it. They know that if it became public knowledge that their customers or clients would go elsewhere, employees would start looking for a new job, suppliers might pull their credit and then there is the landlord and competition issues to deal with. They need you!

Business owners are also very interested in your Business Market Valuations service that provides their current business market value in a professional report – and many will eventually list with you.

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### **b. The Business Buyers?**

Your business buyers will be qualified by you under 3 main criteria then sign a series of confidentiality documents. While you rarely work for the business buyers, they rely on you to provide them complete information about any business for sale that you show them. They also need you!

Business buyers are also very interested in your Business Finance service that allows you to assist them in finding small business loans to fund the purchase.

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## **VII. THE BUSINESS BROKER TRAINING CENTER**

The Top Reasons To Use Our Full Service Business Broker Training Programs...

- Complete training has you ready to broker immediately after training with current systems
  - Lifetime support services from live phone & online support to email support & more
  - Immediate income generating services allowing you to make \$\$\$ now
  - 700+ Trained by full service training - 93% success rate
  - Training programs and subjects designed by existing successful brokers
  - Training fees lower than competitors YET with much more than them
  - Lifetime access to our online school for ALL full service programs
  - Complete marketing package and web site with full service programs
  - Guaranteed leads in our Mentor Program
  - No Cold Calling - your buyers and sellers will contact you
  - No Commission Splits - keep 100% of your commissions
  - No Territory Restrictions - broker anywhere you want
  - Start From Home - most new business brokers start from home
  - Buyer Process - we walk you through from interview to offer
  - Buyer Pipeline - our exclusive buyer opt-in captures 90% or more web visitors
  - Seller Process - we walk you through from presentation to closing
  - Objections - we review and overcome all buyer and seller objections
  - Experience - Scott is not only your trainer but a successful business broker
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### **Our comprehensive training outline for online and live training.**

The following training subject outline shows each subject and contents therein...

#### **1. Office Set-Up**

- Determining To Work From Home Or Rented Office

- Home Office Set Up
- Rented Office Set Up
- What To Look For When Renting
- Where To Meet
- Things You will Need To Start
- Managing Business And Expenses

## **2. Business Broker Troubleshooting**

- Why buyers need guidance
- Why buyers receive bad advice
- Who represents buyers
- Why sellers think everyone wants their business
- Why sellers need to be tempered after tours
- Why sellers resent low offers
- More

## **3. Understanding Buyers**

- Learn as much as you can about buyers
- Why buyers are looking to buy their true reasons
- 3 Main buyer categories to understand a buyer s makeup
- 6 main buyer sub-categories to determine method of presenting a listing
- Examples & More

## **4. Finding Buyers**

- How to find your buyers and get them contacting you
- Who are the prime candidates to purchase your businesses for sale
- Your buyer pool and keeping them updated
- The 10 Internet - Networking-Referral Sources
- Examples & More

## **5. The Buyer Process**

This is our proprietary process where we will walk you through the entire buyer process from interview to offer. We will take a hypothetical buyer and walk the buyer through a specific business for sale listing until we've sold the business to this buyer. This process is designed for first time buyers and uses a very specific technique by moving the buyer through the 6 steps to offer. We make it seem like the real thing!

## **6. The Buyer Interview**

- Meeting The Buyer
- Qualifying The Buyer
- The Buyer Package
- Determining Buyers Needs And Wants
- Determining Buyers Ability To Purchase
- Determining Buyers Credit Ability
- Rights And Wrongs In Dealing With Buyer

## **7. Overcoming Buyer Objections**

We will review and overcome the 20+ main objections or concerns that you will get from buyers. Each objection will be covered in depth then overcome by the instructor.

## **8. Understanding Sellers**

- Who are the sellers?
- Understanding why they are looking to sell
- Feeling comfortable with them
- The 6 main reasons sellers sell

## **9. Understanding Seller's Industry and Business**

- Researching Industries
- Understanding The 6 main industries
- The 25+ questions a buyer will have for you and your seller
- Your ultimate questionnaire for the seller

## **10. Finding Sellers**

- What business database to use
- 6 Main Ways To Prospect we'll eliminate most of them
- The best direct marketing approach without cold calling
- Getting your marketing through to the seller every time
- Recycling industry after a business is sold

## **11. The Seller Process**

This is our proprietary process where we will walk you through the entire seller process from interview to closing. We will walk through every step. This process is designed to understand the seller responsibilities and the 8 steps to closing. We make it seem like the real thing!

## **12. The Seller Presentation**

- Role Play the initial presentation (we role play you as the seller and us as the broker)
- The presentation package
- The follow up
- Many have said they would have paid the entire fee just for this presentation

## **13. Overcoming Seller Objections**

We will review and overcome the 15+ main objections or concerns that you will get from sellers. Each objection will be covered in depth then overcome by the instructor.

## **14. The Seller Interview**

- Meeting The Business Owner
- Gathering confidential information
- Utilizing All Of Your Services
- The Seller's Package

- Retainers & listing Feels
- Much More

### **15. Pricing A Business - Cash Flow**

- What Expenses Are Discretionary And Which Are Vital To The Business.
- Recasting The Financials
- Determining Seller's Cash Flow- SDC or SDCF
- What You Will Need To Get From Owner
- The Seller Checklists
- Much More

### **16. Pricing A Business - Pricing Business**

- Determining An Asking Price Using 4-7 Distinctive Models
- Developing the price range
- Presenting Price Range to Seller
- Actual examples

### **17. The Listing Agreement**

We completely review the Listing Agreement. This is the agreement where the seller hires you to sell his or her business. The entire agreement is covered in full with a complete review of every term in the agreement.

### **18. Asset Purchase Agreement**

We completely review the Offer Agreement commonly referred to as The Asset Purchase Agreement. This agreement serves as the official offer and sales contract. The entire agreement is covered in full with a complete review of every contingency in the agreement.

### **19. Assume The Sale Workshop**

Assume The Sale is a technique developed by Scott Radin originally trained to the customer service sales people at Bell Atlantic (now Verizon). It takes all the pressure out of sales through the use of self discovery.

#### **Part A. Self Discovery**

- Understanding Self Discovery
- Applying self discovery

#### **Part B. Brokering Sales**

- Keeping the meeting under control
- Staying away from personal issues
- Standing your ground
- Confirming your commitment
- Sales Plan
- What your competition is doing

## **20. Overcoming Objections and Concerns**

This is a general classroom on overcoming objections in general. The specific buyer and seller objections have their own classrooms

**EVERY training program includes a documents folder with all of the necessary documents.**

The following documents folders come standard with EVERY training program

### **Business Broker Agreements Folder includes...**

1. Business Listing Agreement
2. Asset Purchase Agreement (offer)
3. Letter of Intent (offer)
4. Non-Disclosure
5. Agreement of Confidentiality
6. Disclosure Notice
7. Memo Record of Showing
8. Buyer Qualification Forms
9. Addendum to Contract
10. Seller Interview Form
11. Counter Offers
12. Commission Agreement
13. Pricing Sheets
14. Much More

### **Business Broker Training Manuals Folder includes...**

1. Complete Operations Manual
2. Complete Sales & Marketing Manual
3. Complete Valuation Manual
4. Complete Agreements & Contracts Manual

### **Business Broker Sales & Marketing Templates**

Due to the proprietary nature of our NO COLD CALLING sales and marketing systems, we do not provide a list of documents in this folder. But we do provide you every template that you will need to achieve this system.

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**We provide FOUR main training programs with various service options.**

Training programs for all needs and budgets – refer to our web site at [www.businessbrokertrainingcenter.com](http://www.businessbrokertrainingcenter.com) for comprehensive breakdowns and fees.

- A. *One-On-One Training* - We provide two distinctive one-on-one training programs.
- B. *Group Seminar Training* – We hold periodic group seminars nationwide
- C. *Online Training* – We provide two distinctive online training options
- D. *Business Broker Store* – Build your own training program
- E. *Real Estate Professionals* – We train real estate pros in the art of business brokering

## **BECOME A BUSINESS BROKER WITH US – OUR SUCCESS RATE SPEAKS FOR ITSELF**

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### **GETTING STARTED IN BUSINESS BROKER TRAINING...**

- A. View all of our training programs & fees at [www.businessbrokertrainingcenter.com](http://www.businessbrokertrainingcenter.com)
- B. Decide what best fits your needs – you can sign up online or contact us below
- C. Get ready to have fun – business brokering is a low stress and fun career

### **Business Broker Training Center Owner – Scott Radin**

- ❖ Email – [scott@businessbrokertrainingcenter.com](mailto:scott@businessbrokertrainingcenter.com)
- ❖ Phone – Text - Scott Radin – 716 472-2684