

# What does a good Broker do for you?



## ALL THINGS FINANCIAL

Paul Fyfe, an Independent Financial Advisor, Property and Business Broker explores and gives commentary on the above subject.

### WHAT GOOD BROKERS DO TO HELP YOU

Business brokers – the people you approach to buy or sell a business – are first cousins of estate agents. We fall under the Estate Agents Act and must be registered with the Estate Agents Board and hold a fidelity fund certificate.

We work on a commission only basis, paid usually by the seller on conclusion of a sale. Our function is to bring a willing buyer and seller together, not to check the business out or give guarantees or undertakings. That is for you, your attorney and accountant. Brokers do not earn enormous commissions for very little work. We earn commission only on successful conclusions of a sale and sales often collapse. Result: no pay day for the broker.

#### Buyer's perspective

All you want to know on the first call to a broker is where an advertised business is so you can drive by and take a look. This is not on. Our duty to the seller is to be confidential and give information only to qualified buyers and we have to protect our claim to commission. We have no way of knowing whether you are a competitor of the business or

another broker touting for work.

#### Sellers perspective

You expect the broker, armed with limited information, to find a suitable buyer. Last week, the would be seller of a successful restaurant withheld provable figures, set an inflated cash price, listed with every broker in town and stipulated a 50% commission. Forget it. Our greatest costs are time, advertising and travel. Only businesses with the best chances of selling, because information has been made available, are worth the cost and work.

#### Broker becomes bloodhound

Shop around for a broker with experience and a track record. Candid provision of business information or your requirements will convince him you are a genuine buyer or seller and the commission is there if he performs. Buyers: Don't look only at the latest listings of businesses for sales. Often the best fail to be snapped up for months. They may have been over priced, listed as "cash only", or figures may have been withheld. A genuine seller will drop the price, open the books and negotiate terms.

#### What can a buyer expect from a broker?



- ◆ Correct qualifications;
- ◆ To be offered opportunities;
- ◆ All the information needed for an educated assessment;
- ◆ Help with additional information;
- ◆ Negotiating with the seller;
- ◆ Preparation of a sale agreement;
- ◆ Help raising finance;
- ◆ Advice on documents.

#### The seller can expect

- ◆ Advice on valuation;
- ◆ A list of information ;
- ◆ Confidentiality ;
- ◆ Qualified buyers;
- ◆ A marketing/selling plan;

Aldes Masters Business Brokers

Cell: 0833260683

Fax: 086 608 9389

E mail: paul@aldesmasters.co.za

Web: www.aldesmasters.co.za