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How to Sell Your Business Without a Business Broker



By Ney Grant
Wednesday, January 9 2008

In some situations it may be best to sell your business without a broker. For example, you might take this approach with a distressed sale, where there may not be enough money in the deal to pay off the liabilities, much less cover the fees of a broker. Here is how to go about it.

First, understand that delays kill deals. Prepare ahead of time and collect your financials, tax returns, leases, etc. You don't want to have a prospective buyer waiting on you to produce this stuff. A broker would not put a company on the market until it is prepared and ready, so neither should you. Think as a prospective buyer: What would they want to see in order to analyze the business? The real detailed documents like bank statements can wait.

Most businesses these days are marketed on the Internet. Although brokers use a myriad of sites, a seller can hit many buyers by advertising on the top sites like bizbuysell.com and bizquest.com. Often finding a buyer is not that difficult. It is managing them that can be tough.

Don't be afraid to qualify the buyer by asking them for a personal financial statement. You don't want to waste your time with a buyer that can not possibly buy your company anyway. You should also ask them to sign a non-disclosure agreement.

It is worth repeating that delays kill deals. Once you have a prospective buyer, keep the process moving. Provide information, set up meetings, negotiate and keep trying to move them towards an offer. (This is where a broker comes in handy. A broker allows a business owner to continue to run their business during the months it takes to close a deal.)

Remember that you do not have to disclose everything before an offer and offer acceptance. Tell the buyer they will have time for due-diligence (aka book-check), and if anything is amiss they can back out. You can even hold back on proprietary information that could be damaging if disclosed too soon. For example, a customer list, or key to a manufacturing process. (Don't hold back negative information though - get that out of the way before any offer is made).

Before setting a price, but absolutely before accepting an offer, visit your CPA and ask about taxes. Your CPA should also be able to offer some guidance on how to structure a deal.

Some business owners readily admit to buyers that they hide cash from the IRS. Think twice about that - if things go sour you've given them some terrific ammo they can use against you. Best plan is to not hide cash - at least the year before you plan to sell. Then you can show all revenue and earnings with no fear.

You can find business sales contracts, non-compete agreements, etc. on the Web ([Nolo Press](#) has a good reputation for legal contracts), but you really need an attorney to at least make sure you don't fall into any deep holes. Some attorneys see business acquisitions as a pay day, so if the transaction is tight on money you really need to pay attention in that area. Remember that your attorney works for you, and you make the decisions.

Use an escrow company for the transaction, but don't stop working on the deal even after it is in escrow. Keep it moving. It is far too common for non-brokered deals to languish in escrow. Even more often they just fall apart.

Once the deal is done, there are some forms required by the IRS (for an asset sale, which most small business transactions are). Don't forget those, or at least remind your CPA to submit them.

Selling a business without a broker can be done, but be aware that statistically more un-brokered deals fall apart than those managed by a broker. Consider picking up a book on how to sell a business. Nolo Press offers one [here](#), and the book ["How to Buy or Sell a Small Business"](#) is also good.

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