



**STEPS TO  
SUCCESS**

SUCCESS WHITEPAPERS FOR ASPIRING BUSINESS BROKERS

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# Paths to Business Brokerage

SUZANNE DE LUCIA | LIFETIME CBI, FELLOW OF THE IBBA



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### SUZANNE DE LUCIA LIFETIME CBI, FELLOW OF THE IBBA

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Suzanne has been the President and Managing Broker of Front Range Business, Inc. in Colorado for over 20 years. Prior to, she owned both distribution and food manufacturing businesses, and was a chemical engineer. These experiences represent the diversity of paths one can begin on that eventually lead to business brokerage.

Suzanne is a pillar of the business brokerage industry, contributing her time and talents for nearly two decades to the betterment of the profession. In addition to IBBA Board and Committee involvement, she is also a founding member of the Colorado Association of Business Intermediaries (CABI).



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### INTRODUCTION

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**Question:** What is one of the most interesting, fulfilling and potentially lucrative careers that very few people know about?

**Answer:** Business Brokerage

Business brokers are an elite, in this case meaning small, but mighty group. There are only about 5,000 active brokers in the US, working in about 3,000 offices. Compare this to over 3,000,000 Realtors in the US working in slightly more than 100,000 offices. Canada claims about 1,400 brokers in 250 offices.

They are remarkably unknown, even by those who own and may wish to exit their businesses. Very few people grow up wanting to be business brokers. Yet, the profession has matured into a highly desirable career path for individuals who value independence, time flexibility, creativity, challenge, potential to make a good income, and who are self-motivators. In not so delicate terms, you literally eat what you kill, so business brokerage tends to work only for self-starters.

**SO, WHO  
BECOMES A  
BUSINESS  
BROKER AND  
HOW DO  
PEOPLE LEARN  
ABOUT THIS  
PROFESSION?**

## BUSINESS SELLERS

A large percentage of business brokers are people who had been business owners, many of whom sold their businesses through business brokers. After their brokers helped them retire with large bank accounts, they were looking for some easy money and saw that their brokers made the job look simple. Just kidding here, but many retiring business owners still have life left in their careers and want something that's intellectually stimulating, flexible, and potentially lucrative without a big investment in equipment and inventory and the employee headaches which often come with business ownership.

The best brokers make it look easy, just like Tom Brady does when he throws a football pass. The truth is that these brokers are typically very savvy and hardworking individuals with a diverse set of skills and talents which suit them to the profession.

Assuming these business sellers were pleased with their broker and respected him or her, they often go to work at the firm which sold their company and are often mentored by the very broker who helped them retire.

## BUSINESS BUYERS

Business buyers also often become intrigued with the profession. In the process of shopping for a business to buy, they become familiar with the ins and outs of brokerage. Most have money set aside for a business purchase, so they are already funded. Since the financial barrier to entry into business brokerage can be relatively light, depending on the unknown working capital needs, they are already self-financed, no loan needed. Many have excellent business skills and knowledge as well as an obvious interest in small business. Some join an existing brokerage firm to get a first look at the businesses coming to market and often become buyers in short order.



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## COMMERCIAL REALTORS

By definition, commercial realtors need a base level understanding of business operations for success in their jobs. They often work with business brokers who are getting lease assignments or new leases for business buyers and get an inside view into the profession. They are often intrigued by both the depth and breadth of skills sets used in the career and the higher commission rates. Many will use business brokerage as a supplement to commercial real estate and hopefully an inside door into listings.

## CPAs

CPAs obviously have an understanding of business financials and via regular contact with their clients, learn a lot about the ins and outs and challenges of business ownership. They are often used in a consultative relationship with their clients and have advanced knowledge of when their clients hope to sell.

They will work with business brokers as their clients sell their companies, which is how they learn about the process of business brokerage. Many are ready for new challenges and more variety than traditional accounting provides or are looking for work that gets them out from behind the desk and computer.

## ATTORNEYS

Attorneys are also an integral part of the business brokerage process and therefore are familiar with the process and benefits to the transaction provided by brokers. They are also very aware of the fees collected by successful brokers and are often financially and intellectually motivated to enter the profession. Those with a transactional mindset are typically best suited.

## INDUSTRY SPECIALISTS

Individuals working in certain professions which enjoy frequent sales or consolidations may become familiar with business brokerage as they watch business sell or be acquired in their industry. They may be part of the transition team, depending on the industry. They realize they have some very specific and specialized knowledge about their industry and see brokerage as a way to leverage this resource. They may learn about or work with a brokerage firm which specializes in their industry and end up working at that firm.





## FRANCHISE SALES

While franchise sales, either via new locations or resales of existing locations, are technically a sub-set of industry specialization, this group deserves its own recognition. Especially suited to this specialty are people who were franchisees or franchisors in their own right, be it for one brand or franchises in general. This experience gives them a unique perspective on the benefits of any particular franchise as well as the buyers suited to individual concepts.

## LENDERS/BANKERS

Bankers and SBA lenders in particular become very educated about small business operations and its inherent risks via the analyses they perform in qualifying loans. As they work with brokers, they learn more about the profession and usually possess the beneficial skill sets in analyzing businesses and quantifying risks.

## BUSINESS COACHES

Business coaches, like business brokers, are problem solvers. They need to understand the full spectrum of business operations and interrelationships between different parts of the business in order to provide workable solutions for their clients.

Like business brokers, business coaches work on a project basis, yet their compensation is often guaranteed and therefore limited. Business brokers tend to work on a risk/reward basis, making their real money with a successful sale. This can be very intriguing to coaches and many will change hats and enter the profession. They will often combine coaching with brokerage, helping to position their clients' businesses for sale and eventually selling them. This allows them to combine a fee-based practice with one with contingent income, potentially getting the best of both worlds.

## FAMILY HISTORY OF BUSINESS OWNERSHIP

Growing up in an entrepreneurial family provides one of the best vantage points of the benefits and challenges of owning a business. Often those growing up in such a family work in the business and receive a proverbial dinner table education about the company operation. Through time, they are often exposed all aspects of business ownership. The "risks" and highs and lows which come with such a lifestyle are just part of life to these individuals, making them very well-suited for business ownership or a career in business brokerage.



## SUCCESSION

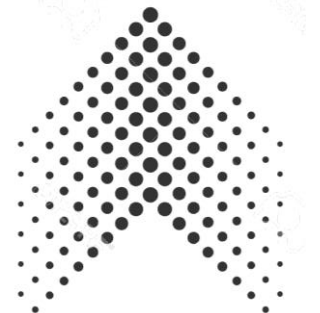
The profession of business brokerage has matured and has become more systemized and replicable, in large part due to education via organizations such as the IBBA. A number of seasoned brokers are now bringing their offspring into their firms and grooming them for eventual take over of their practices. These individuals are able to combine the benefits of growing up in an entrepreneurial family with direct education in the business brokerage process.

## MILITARY PERSONNEL

Retiring military personnel often make great business buyers and learn about business brokerage as they look for business to acquire. Many have received quality educations through the military and want to put those into practical application in the civilian world. They are often very hard working and structured, which allows them the opportunity for success in brokerage.

## WHO IS THE MOST SUCCESSFUL IN THE PROFESSION?

There is certainly no definitive answer to this question. Every individual is unique and brings a unique set of skill sets, experience, motivation and personality to the business. Think of all of the various backgrounds and talents described above for the individuals entering the profession. In some ways, I've just described the skill sets that are rolled into one to create a successful business broker.



Luck and timing also play into the equation. That being said, luck only goes so far and a competent broker needs to have basic knowledge and competence in the core skills needed to get a deal across the finish line. High level expertise is often not required, but rather a knowledge and awareness of the potential issues and an arsenal of professionals to turn to who do have the knowledge in the area required. For example, you don't have to be a CPA, but you do need to understand the ins and outs of profit and loss statements, balance sheets and tax returns. You have to understand the tax implications of a sale and how this relates to different forms of ownership.

The ability to both anticipate and solve problems, coupled with the ability to sell via an informed sales process, will take a broker a long part of the way towards success. Paramount is also the ability to say no and either turn down potential fraught-filled businesses and those with fatal flaws or to wait out

sellers who are not realistic about the price and deal structure which they are likely to receive. YOU CAN MAKE MORE MONEY BY SAYING NO THAN YES IN MANY CASES.

## WHY BECOME A BUSINESS BROKER?

Unlike the traditional career paths of law, medicine, accounting or engineering, there is typically no familial pressure to become a business broker, so everyone entering the profession is doing it because they want to and are excited about it. Another uniqueness is that except in the case of succession, it is rarely a first career.

In addition to utilizing an entire quiver full of skill sets, a career in business brokerage is very stimulating from an intellectual perspective and the learning curve never ends. You get an insider's view into businesses. Throughout the process, you become a trusted advisor and problem solver. You can develop real and meaningful relationships with your customers and clients, many of which transcend the sale.



From a financial perspective, there is no upper limit on the earnings potential. It's all about you, your skills, talent, choices and hard work. Advancement into larger transactions with significant paychecks is often a goal for many brokers. Advancing through the courses, workshops, webinars and other educational offerings from the IBBA and M&A Source is an excellent way to garner the knowledge and skills needed to progress.

Business brokerage can be a great last career and after you are established, you can cut back to part-time and take on a few deals a year. Once a broker becomes established in the profession, most ride it out to retirement. That being said, a full-time commitment to the career in the beginning seems to work best. Tenure usually generates a consistent flow of deals, which is one of the early career challenges.

Every day in the life of a business broker is different and each broker creates their own work style. It's flexible and you're not chained to a desk. Face-to-face meetings are an important part of the process and part of the fun.



While fun is finally mentioned in closing of this whitepaper, that and a tremendous sense of accomplishment are some of the most important intangible benefits to the career. It's not an easy job, but those who are successful aren't usually looking for easy. They are looking for a rewarding challenge which comes with commensurate financial benefits for those who can make things happen.

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## ABOUT THE IBBA

Formed in 1984 and with nearly 1,600 members, the International Business Brokers Association (IBBA) is the largest international not for profit association for Business Brokers. The association provides Business Brokers with education, free benefits, conferences, professional designations, support programs and networking opportunities, and awards the [Certified Business Intermediary \(CBI\)](#) designation to qualifying Business Brokers.

To learn more visit [www.ibba.org](http://www.ibba.org).

