

Buying a company is rarely about a single number. It is a tangle of motivations, incomplete information, egos, and risk. The best deals align incentives, build trust, and still protect you from unpleasant surprises after closing. That balance is hard to strike when you also have a full-time job running your own operation, or you are new to the process and learning on the fly. That is where a business broker can earn their keep, and also where they can get in the way if you use the wrong kind or at the wrong time.

I have sat on both sides of the table: as a buyer assembling a roll-up in fragmented service industries, and as a seller who needed a fair process for a team I had built over a decade. I have worked with excellent brokers who unlocked proprietary deals and poor ones who nearly sank a transaction with bravado and bad math. The difference usually comes down to clarity about the job you want done, an understanding of fee structures and incentives, and the maturity to keep the relationship professional, not paternal.

This article unpacks the role brokers play across the deal cycle, where they add real value, when to avoid them, and how to integrate them into your Business Acquisition Training so that you control the process even if you do not do every task yourself.

What a broker actually does

“Broker” is an umbrella term that covers a wide range of services. At the lower end of the market you will meet Main Street brokers who list businesses with under 1 million dollars of EBITDA. At the higher end, lower middle market intermediaries and boutique investment banks manage structured processes for companies with 2 to 20 million dollars of EBITDA. The label is less important than the functions they provide.

At their most useful, brokers do four things well: they source deal flow you would not find alone, they package a company’s story and data so outsiders can understand it, they manage a process with deadlines and disclosures, and they provide a buffer for uncomfortable conversations about price, terms, and the seller’s future role. Those four functions sound simple. They are not.

For example, in a recent HVAC acquisition we pursued, the broker’s confidential information memorandum was not a glossy brochure. It was a 60-page data set with monthly revenue by service line over 48 months, crew-level utilization, lead sources by cost, and a cohort view of maintenance contracts. That level of organization moved us from guessing to modeling. We still verified every number, but we were not building the map from scratch. Contrast that with another deal where the broker could not produce a customer concentration report. We passed.

Where brokers create real value

Brokers add the most value when they collapse information asymmetry and provide leverage you cannot build quickly on your own.

- Access to owners who would never answer a cold email. Good brokers maintain long relationships with owners and accountants. They often hear about an exit a year before anyone else does. This matters when you are Buying a Business in a niche where every attractive target gets five offers in the first week it hits a listing site.
- Process discipline and momentum. Deals die from entropy. A disciplined intermediary sets calendars, collects documents, corrals third parties, and keeps emotion from poisoning goodwill. I have watched a broker defuse a stalemate about working capital by scheduling a 20-minute call between our CFOs, then capturing the

agreement on paper the same afternoon. Without that rhythm, a two-week disagreement would have stretched into two months.

- Packaging messy businesses so they can be understood. Many owners run on instinct and tax strategy, not GAAP. A sharp broker knows how to bridge that gap without whitewashing reality. They will help normalize owner add-backs, untangle intercompany transactions, and present seasonality without hiding it. In one landscaping roll-up, the broker insisted the seller break out residential versus commercial revenues, then show retention rates for each. That single split changed our valuation and our integration plan.
- Negotiating uncomfortable terms. It is easier to ask for a full customer list, demand a holdback for an unresolved sales tax exposure, or push for a noncompete that actually binds, when a third party conveys the request. A broker is not a replacement for a lawyer, but a good one will give you a sense of market terms for your segment, so you are not inventing structure from scratch.
- Shielding the business from disruption. While you run diligence, the seller still needs to run the company. Brokers filter noise, schedule site visits to minimize distraction, and push both sides to keep sensitive questions in data rooms rather than in front of employees who are not yet in the loop.

Where brokers fall short

Brokers are not magicians. They cannot fix a broken business, and their incentives, if not carefully aligned, can tilt against a thoughtful outcome.

First, most brokers get paid at closing. This creates a bias toward getting any deal done, not necessarily the right deal for you. That shows up when a broker glosses over customer churn or presents “adjusted EBITDA” that assumes every bad decision is temporary and every good one is permanent. If you find yourself re-litigating the same add-backs, step back and test whether you trust the process.

Second, many brokers are volume players. Their business model is to list widely, collect buyer inquiries, then forward data packets. If you need help building conviction in a specific industry or you plan to complete only one acquisition this year, that style can waste time. I once sifted through 120 teasers from a national platform broker to find two that fit our criteria. Neither passed basic diligence. We went quiet for three months, then found our best target via a banker who ran a focused process and already knew which buyers could close.

Third, brokers are not substitutes for your own advisors. They are not your lawyer or your accountant, and they should not be writing your working capital peg or your reps and warranties. They can forecast expectations and draft term sheets, but you still need your own counsel to protect your downside.

Finally, some brokers overmanage communication. If they block you from building rapport with the owner, small misunderstandings can harden into big problems. I have seen simple cultural concerns fester because the broker insisted on being the only conduit. By the time the principals finally spoke directly, trust had eroded.



How to decide whether to use a broker

Your decision depends on deal size, your experience, the industry, and your timeline. You are not choosing between purity and compromise. You are choosing where you want leverage and where you want control.

If you are early in your Business Acquisition Training and this is your first or second transaction, a broker can cut your learning curve in half. You will see how data rooms are organized, what a typical diligence checklist looks like, and how to structure an LOI that gives you real exclusivity. You may pay a premium in purchase price, because brokered deals often run competitive processes, but the trade is speed and a lower risk of missing a critical issue.

If you are a seasoned operator with a very specific thesis, a proprietary search might produce better fits at better multiples. Even then, do not discount select brokers who specialize exactly where you hunt. In dental practice acquisitions, for instance, there are intermediaries who know lender appetites by state and understand how associate buy-ins intersect with valuation. They can save you months.

If your target is under 500 thousand dollars of SDE and local, a broker can be a lifeline because the owner may not have clean books or the bandwidth to manage a sale. In this band, brokers often do more handholding around lease assignments, landlord conversations, and franchise approvals. On the other hand, if you are pursuing a 3 to 8 million dollar EBITDA company with multiple suitors, expect a formal process with a banker regardless. Choosing not to work with a broker is not an option in that setting.

Timeline matters too. If you need to close within a quarter because you have seasonal capacity to fill or integration windows to hit, a broker's process can create the urgency you require. If you have a year to build relationships and court owners quietly, the patience of a proprietary search may pay off.

Understanding fees and incentives

Fee structures vary. Main Street brokers typically charge sellers a success fee based on a percentage of the sale price, often with a minimum. Lower middle market investment banks use Lehman or Double Lehman style scales with retainers, monthly work fees, and a success fee. Buy-side brokers, who represent you as the acquirer, usually charge a retainer and a success fee tied to enterprise value or to a percentage of savings below a target price. Some will ask for an exclusive mandate; others work opportunistically.

When you engage a broker, map the fee to the outcome you want. For buy-side help, I prefer a modest monthly retainer to ensure attention, then a stepped success fee that rewards them for sourcing a deal you actually close,

with a premium if the valuation comes in under a mutually agreed target range. If they only get paid if you sign, they might push terms you will regret. If they get paid regardless, they might not push at all.

Watch out for double-paying. In several markets, the seller's broker will happily work with you as the buyer and imply that they can represent both sides. That is not representation, it is facilitation. If you want an advocate, hire your own and accept that you will sometimes pay a fee even when the seller's side is already compensated.

The broker's role across the deal cycle

From the first teaser to the first 100 days after closing, the broker's influence waxes and wanes. Knowing when to lean on them and when to lead yourself keeps the process efficient.

Sourcing and screening. For inbound deals from brokers, set strict criteria so you do not drown in teasers. Define revenue bands, EBITDA margins, customer concentration tolerances, and red lines like significant litigation or liens. In a fragmented service roll-up, we required that at least 60 percent of revenue be recurring or reoccurring, depending on the model, and that no single customer exceed 20 percent of revenue. Communicate those filters so brokers stop sending noise.

Initial evaluation. Use the broker's materials to form a quick view, but run your own back-of-the-envelope. Reconcile adjusted EBITDA to tax returns or bank statements as early as you can. If those numbers cannot be reconciled within a week, pause. Quality brokers will help the seller produce monthly P&Ls, AR aging, and job-cost detail if relevant. If those do not exist, ask whether the broker can help the seller create them before you sign an LOI.

LOI and exclusivity. The broker will often push for a strong price and a short exclusivity window. You want the opposite: a price that reflects risk and an exclusivity period that matches the diligence workload. Anchor the LOI on structure, not just price. Earnouts, seller notes, and holdbacks are not tricks, they are tools for matching payment to performance and allocating risk.

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Diligence. This is where a broker can be a force multiplier or a bottleneck. Ask them to manage the data room cadence with weekly drops of information and a running list of open items. Keep legal and financial workstreams separate. Encourage live calls between your managers and theirs for operational diligence, then push summaries back through the broker to avoid confusion. Good brokers will prepare the seller for intrusive questions and help stage sensitive topics like customer calls late in the process, after key contingencies clear.

Financing. Some brokers have deep lender relationships; others only know a few SBA shops. If you are using SBA 7(a) financing for a smaller deal, a broker who understands the lender's eligibility rules can save time. For example, they should know how to handle a seller who wants to stay with the business as a contractor, or how to structure a noncompete so it meets lender policy. In larger deals, brokers can introduce you to senior lenders and mezz shops, but you will likely rely more on your own network and debt advisors.

Negotiation and closing. Expect the broker to press you when diligence finds warts. Your job is to separate the material from the cosmetic. I once requested a 350 thousand dollar price reduction for undocumented sales tax exposure and inventory shrink we discovered. The broker balked at the headline cut, then helped the seller agree to a 200 thousand dollar price reduction and a 150 thousand dollar escrow tied to the tax risk. That framing preserved face and closed the gap.

Transition planning. After the purchase agreement is signed, the broker's role should fade. A professional broker will help choreograph announcements to staff and customers and set up initial check-ins, but they should not run your integration. If the broker insists on staying central after close, that is usually a sign the seller is not ready to let go.

Decoding “adjusted EBITDA” and other packaging

Brokers often present adjusted EBITDA to normalize a business. Adjustments can be legitimate or fantasy. Legitimate add-backs include one-time legal expenses, owner compensation above market, personal vehicles or family health plans loaded into the P&L, and nonrecurring repairs. Watch out for recurring costs masked as one-time items, like “temporary” labor that appears every quarter, or add-backs for marketing cuts that boosted short-term earnings at the expense of pipeline.

Create a simple rule: if the business will incur the cost again in the next two years, do not add it back. When in doubt, use ranges and sensitivity tests. If you think adjusted EBITDA is between 2.2 and 2.5 million, underwrite the deal at the low end and model debt service at a stress case. A broker who pushes you to accept optimistic adjustments without support is doing their job poorly.

When not to use a broker

If you have a proprietary relationship with a seller and both sides trust each other, inserting a broker late can create friction and cost without benefit. In one sale of a niche software firm, we had known the owner for five years. Our accountants had already reviewed the books informally. Bringing in a broker would have introduced a success fee north of 6 percent and likely pushed the seller to run a broad process, wiping out the relationship advantage we had built. Instead, we agreed to hire a transaction CPA and a deal attorney to protect both sides, and we moved from handshake to close in 90 days.

Avoid a broker if the business is a poor fit for a typical sales process. Distressed situations, messy cap tables with multiple feuding owners, or companies mid-litigation need a restructuring advisor or a specialist, not a volume-focused intermediary. Also avoid brokers who promise a sky-high valuation without a real buyer list for your niche. If their pitch relies on generic demand rather than hard-earned relationships, you will end up with a stale listing and a frustrated owner.

Selecting the right broker

Choosing a broker is less about charisma and more about fit, track record, and alignment. Ask for specific closed transactions in your industry or an adjacent one over the last three years. Request references from both buyers and sellers. Study their materials, not just their website. A strong broker will have sample CIMs, diligence request templates, and a clear timeline for their process, including how they screen buyers.



Interview them about failure. Good brokers will tell you about deals that died and what they learned. Press them on lender relationships if debt will be part of your capital stack. Ask how they handle exclusivity and how they coach sellers to prepare for diligence. If they wave off preparation as overkill, they will wave off your concerns when the numbers do not line up.

Clarify communication norms. You want a broker who protects the seller's time but does not wall you off. Agree early on when and how the principals will speak directly, and how often you will meet without intermediaries. That simple agreement reduces posturing and speeds problem solving.

Integrating brokers into your acquisition playbook

If you are building an ongoing acquisition program, treat broker relationships as a strategic asset. Educate them on your thesis with specifics: geography, size, customer mix, and your integration plan. Be candid about what you will not buy. When a broker sends a fit and you pass, give a reason. Over time, that feedback turns random teasers into curated opportunities.



Embed simple, repeatable steps into your team's Business Acquisition Training so you do not reinvent the process every time you engage a broker. That training should cover how to triage a CIM in under an hour, how to write a crisp expression of interest, and how to run a pre-LOI diligence sprint focused on the three or four variables that make or break the deal. Build a short list of brokers you trust by segment and revisit it quarterly. Deals flow to buyers who can close; brokers remember who wasted their time and who delivered.

Here is a compact checklist you can adapt to your internal training for interactions with brokers:

- Define your must-haves and red lines, then share them in writing so brokers can screen.
- Set response standards: 48-hour feedback on teasers, one-week turnaround on initial Q&A.
- Use a standard pre-LOI request pack: monthly financials, AR aging, customer concentration, top vendors, and any open legal or tax items.
- Agree upfront on communication lanes: when principals talk, when advisors lead, when the broker convenes the room.
- Track broker performance. Note quality of materials, accuracy of adjustments, and post-close variance to what was represented.

Pricing, terms, and the art of the possible

Brokers often push price because it is legible to sellers. Your lever is structure. If a broker insists the business is worth 6 times EBITDA because a similar company sold at that multiple, ask three questions. First, what portion of that comp's price was contingent, tied to retainers, earnouts, or performance? Second, how did working capital factor in? Third, what changed between the measurement period and closing, such as customer churn or a key hire leaving?

When the business is growing fast but risk is concentrated, pay a fair headline price but protect your downside with an earnout tied to gross profit or revenue, not EBITDA that the seller no longer controls. When the cash flow is stable but asset-light and key employees are not on contracts, push for a larger holdback that releases as retention targets are met. Brokers who understand these mechanics can help you sell the structure to the seller as a win, not a haircut.

Remember that banks have views on these structures too. In SBA-backed deals, excessive earnouts can disqualify financing. A seasoned broker will know where those boundaries lie and how to craft seller notes and standby agreements that meet lender rules while preserving flexibility.

Cultural fit and post-close reality

Brokers rarely stay for the hard part: the first 100 days after close. That period reveals whether the story you bought matches the company you now own. Use the courtship period, brokered or not, to test cultural fit. Ask to shadow a team meeting, listen to a sales call, or ride along on a service route. Many brokers will facilitate this if you time it right and preserve confidentiality. Those hours tell you more about execution risk than another spreadsheet.

In one waste services acquisition, the broker was reluctant to arrange a ride-along because the seller feared rumors. We proposed a Saturday shadow with the operations manager only, no uniforms, and we paid for the day as consulting. The broker agreed. We discovered the route timing was driven by a single tenured driver who planned to retire within six months. That changed our retention plan and our offer structure. A brokerage relationship that can flex to accommodate reality rather than guard a script is worth paying for.

The quiet benefit of a broker: emotional management

Owners selling their business are not selling a spreadsheet. They are often selling a legacy, a piece of identity, and a community. Buyers, even sophisticated ones, bring fear too: fear of overpaying, of inheriting skeletons, of cultural mismatch. A broker who understands the emotional arc of a deal can smooth the spikes. That is not touchy-feely fluff. It shows up as fewer blowups over small slights, faster resolution of miscommunications, and more grace when the seller needs an extra day to deliver a document because they are telling a long-time employee what is coming.

I recall a negotiation where the owner reacted strongly to a request for personal guarantees on a short seller note. The broker suggested a brief call between spouses, not to negotiate, but to let us hear their concern. We restructured the note with a slightly higher rate and collateral limited to business assets, then added a small cash holdback. The broker's read saved the deal and protected our downside.

Red flags that should slow you down

Some signals suggest the broker may not be running a process you want to join. If their teaser includes specific company names or customer lists before an NDA, they do not understand confidentiality. If they refuse to provide tax returns or bank statements at any stage, walk. If every buyer "just missed" on price in the last round, and somehow you are the first to be told about this great opportunity, assume the deal has hair.

Be wary of brokers who discourage any direct contact with the owner until after LOI. You do not need to chat daily, but if you cannot speak to the person whose business you are about to buy, you cannot test alignment on values, transition roles, and nonfinancial expectations.

Final thoughts for buyers building capability

Using a broker is a tactic, not a religion. The best acquirers know when to bring in leverage and when to build it themselves. Early in your journey, lean on brokers to accelerate learning and to avoid rookie mistakes. As your internal playbook matures, choose brokers more selectively and demand process quality and transparency.

Two truths hold across markets. First, good brokers are not cheap, and they are worth it when they compress uncertainty and time. Second, bad brokers are expensive even when they are free, because [Business Acquisition Training dealmakers.co.uk](https://www.businessacquisitiontraining.co.uk) they cost you focus and lead you into deals you should not do.

If you are serious about Buying a Business as a core growth strategy, invest in your own discipline. Build a small bench of advisors who can step in quickly: a deal attorney who has closed in your size band, a quality-of-earnings provider who moves fast, and a lender who trusts your underwriting. Then treat brokers as partners who extend your reach. Respect their role, keep your standards, and remember that the signature you most need is not on the LOI. It is the one you make after closing, when you own the outcomes.