



**STEPS TO  
SUCCESS**

SUCCESS WHITEPAPERS FOR ASPIRING BUSINESS BROKERS

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# The Value of Mentorship in Business Brokerage

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Brenda has over 30 years professional business experience ranging from sales and marketing to finance and business ownership.

Her success in business brokerage was swift but not easy, and she attributes it to the IBBA's education, valuable mentorship along the way, and lots of hard work.

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## INTRODUCTION

Becoming a Business Broker is an attractive proposition for those who want a challenging and professionally rewarding career. But it's not for everyone, and there is no single road map to success that every aspiring broker can follow. As with most professions, it takes time, effort and a lot of hard work to achieve success in business brokerage.

One of the best ways to accelerate your journey to success as a Business Broker is to seek guidance from a trusted mentor. A mentor is an experienced professional who's "been there and done that" and is willing to offer support, advice, and encouragement to a less experienced member of the profession. In the words of author John C. Maxwell: *"one of the greatest values of mentors is the ability to see ahead what others cannot see and to help them navigate a course to their destination."*

Of course, it is imperative for a new broker to enter the process with an open mind. Mentorship only works when the mentee embraces the opportunity.



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**JOHN C. MAXWELL**

**This white paper will explore the value of mentorship in Business Brokerage. It intends to answer questions such as:**

What is the role of a mentor?

What are the attributes of an effective mentor?

What are the biggest obstacles facing new brokers?

What are the best sources of knowledge to help an aspiring broker learn the ropes?





## THE ROLE OF A MENTOR

Mentors can play a valuable role in helping inexperienced brokers establish themselves in a competitive profession. There's a common saying in entrepreneurship: "You don't know what you don't know," and that couldn't be more true than in business brokerage. Make no mistake: new brokers face a steep learning curve, especially if they're entering the profession as an independent solo practitioner.

For that reason, joining an established independent or franchised brokerage operation – either through buying your own franchise or joining an established office – is another way to break into the business that may benefit newcomers. While there is potentially bigger financial upside in going it alone since brokers who work for franchised operations have to give a percentage of their commissions to the firm, the flipside is that being part of a larger, established operation gives inexperienced brokers easier access to resources and experienced colleagues who can help them navigate the ups and downs of learning the profession.

There are a number of sources new brokers can turn to gain the knowledge they need to establish themselves in the industry. The International Business Brokers Association, the world's largest community of business brokerage professionals, offers a wide range of services to members, including online tutorials and peer support networks. Other national, regional and state business brokerage associations can also be valuable sources of information, and there are a multitude of books and manuals that offer important advice on building a business brokerage practice.

But perhaps the most important ingredient to success for a fledgling brokerage is mentorship – in particular for independent operators. According to the International Business Brokers Association, starting from scratch without the benefit of an experienced mentor is one of the most common reasons why many new brokers struggle to establish a successful practice.

A good mentor will accelerate a broker's learning process by serving as a supportive "sounding board" and advising them on virtually all aspects of the profession. New brokers are often unfamiliar with the nuances of the business brokerage industry, such as where to go to find leads, how to assess the true value of a business and



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how to know if a business is likely to sell in the current market. Experienced mentors – whether they are younger or older than the mentee – can provide “real-world” insights and knowledge of these processes and procedures that books and seminars simply cannot.

A successful Business Broker must have a solid grasp of a wide range of skills, including accounting, finance, law, sales and marketing, negotiating and more. These are skills that generally require years of experience to develop and come from detailed knowledge and in-depth understanding of a particular market.

**As with anything in life, one of the best ways to learn the art of becoming a successful broker is by shadowing someone who’s mastered the business, watching how they work and emulating their approach.** Assisting a veteran broker with all aspects of a transaction can be extremely beneficial; in particular, working with a mentor on closing a deal can help bring the brokerage playbook into sharper focus. It’s often easier to understand the process by learning it in reverse, from the closing steps to the listing steps. By “reverse engineering” a successful sale, a new broker will learn why each step in the process is essential and why the steps are completed in a specific order.

**Mentors can also give newcomers a foothold in the industry by helping them establish credibility in the market.** Experienced brokers can be a valuable source of referrals, offering leads and introducing new brokers to important business contacts in the community – assistance that often proves invaluable in a profession built on relationships and trust. Connections and professional networks that would take inexperienced brokers years to build on their own can be “fast-tracked” with assistance from a seasoned mentor who is willing to open a few doors.

**Finally, it’s important to note that the benefits of mentorship go both ways.** After all, mentorship is not a one-way street. Mentors can gain new perspectives on issues from mentees who bring different backgrounds and skills to the job. Seeing the brokerage process through another person’s eyes can bring into view new possibilities and approaches a mentor might never have thought of otherwise. In addition, mentors generally get a strong sense of well-being from helping the next generation of brokers grow and thrive in the profession. According to a 2013 study published in the Journal of Vocational Behavior, mentors were more satisfied with their jobs than non-mentors and had a stronger sense of commitment to the organization as a whole.

### ATTRIBUTES OF A GOOD MENTOR

A mentor’s primary mission is to help you succeed. This does not mean giving you all the answers; rather, a great mentor will provide you with tools to help you make your own decisions wisely and provide opportunities for you to solve problems on your own. After all, as the old saying goes, someone who knows how to fish will never go hungry.



**A successful mentor will not be afraid to challenge you on your actions and assumptions, asking questions that force you to think critically about your approaches and strategies.** This requires someone with the right temperament – a person who is motivated to see you succeed, has no hidden agenda and is objective and honest enough to “tell it like it is” when it comes to offering constructive criticism.

**Like a master chess player, a great mentor also has the ability to think several moves ahead, spotting potential pitfalls before they happen and coming up with a strategy to avoid them.** This is where experience comes into play, and a mentor’s lessons learned from past negotiations can help a new broker avoid costly mistakes and increase their chances of successfully closing a deal. The school of hard knocks is a lot less painful when you can limit the number of direct blows you absorb along the way.

**As mentioned, that kind of wisdom only comes with experience. When considering potential mentors, it’s important to look for someone with at least five years in the business under their belt.** Brokering the sale of a business is very different than brokering other types of real estate transactions, requiring an in-depth understanding of the company at the heart of the deal and the relationships between the owner and his staff, vendors and customers. A comprehensive understanding of a business’s finances is also vital to determining a business’s value and communicating its worth to potential buyers. Accumulating the knowledge and wisdom to make such determinations doesn’t happen overnight but tapping into a mentor’s storehouse of those precious “war stories” can help get you there faster.

**Finally, great mentors – like all great leaders – remain calm under pressure.** The complex nature of business deals means there are a myriad of moving parts to every transaction. While some deals move quickly, it’s not uncommon for sales to take eight months or more to go from listing to closing. Generally speaking, there is a substantial amount of money at stake for both sellers who are looking to get the price possible for a company they’ve worked hard to build and buyers who are making a significant investment and want to ensure nothing goes awry. It’s a high-stakes environment that can put a lot of stress on everyone involved; being able to keep things in perspective and stay clear-headed throughout the process is vital to being



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being able to keep things in perspective and stay clear-headed throughout the process is vital to being

a successful broker. Having a mentor to help you maintain your composure and keep the ship on course through what can sometimes be choppy waters will make for a smoother journey in the end.

## CONCLUSION

In conclusion, the importance of a trusted mentor in accelerating an inexperienced broker's journey to success cannot be overstated. It takes time to learn the nuances of the business and develop a strong network of contacts who can provide solid leads and help advance a broker's career. Having someone you can lean on and turn to for advice and encouragement will smooth the inevitable bumps in the road and get a broker to where they want to go much faster than they ever could on their own.

In short, a mentor is indispensable for any new broker who wants to increase their chances of success.

## ABOUT THE IBBA

Formed in 1984 and with more than 1,500 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).

