



Red Flags of a Potentially Bad or at Best a Marginal Listing

Much discussion and most articles about listings revolve around the key ingredients of a good listing. The flip side of course is the obvious red flags or warning signs that the listing might be a bad listing and at best a marginal listing. The follow are a few red flags:

- ✘ The business has been previously listed by several brokers for an extended period.
- ✘ The facilities, equipment and vehicles show deferred maintenance.
- ✘ The seller wants to list the business at a price well beyond a reasonable price range.
- ✘ There has been considerable employee turnover.
- ✘ Employee moral is obviously low.
- ✘ Financial records are unorganized, questionable, or show repeated periods of substantial losses.
- ✘ The seller spends most of the initial meeting in the “Land of Potential” as opposed to the “Land of Reality”.
- ✘ The seller is unwilling to consider even a small amount of owner financing.
- ✘ The seller does not want to tell partners or family members working in the business about the potential sale.
- ✘ The seller wants you to represent “unreported” income to potential buyers.
- ✘ The business’ main products or services are in a dying industry.
- ✘ The seller is getting a divorce or it is a partnership dissolution. It's hard to sell a business when the parties spend much of the time disagreeing and fighting.
- ✘ The seller has a low level of motivation to sell.
- ✘ The seller treats you disrespectfully, doesn't value your time, knowledge or advice.

Business Brokers make money by listing and selling good businesses not wasting time on the bad and marginal ones.