

Chapter 2

We're going to be talking about the search, as we say, the search for the sincere listing. So, turn to page 2-1. I'd like to read you the first paragraph which is very important because whether you're going to be a broker and go out and find businesses to list and sell or if you're going to go out and work as a buyer and buy a business. This is a technique that we recommend for finding business, and although you may have problems in doing this, the problem usually is the approach you're taking.

So, let's review what the approach should be. First of all, the Hamel program is built on using at least five or six different approaches each week. You should spend two, three, four hours on each approach. If you have more time, go out and do more types of approaches. Do not increase the time on each. What we're saying is stay out of ruts. What we have found over the years, again I do not know exactly why this work and all I can tell you is if you get a lot of ball sin the air instead of finding one or two working, you're going to find they're all going to work.

What most of you do to end up having problems is you go back, you find one technique that works or maybe two techniques, usually only one, and you beat it to death. Then, you come back to me with big tears in your eyes wondering why this doesn't work. Well, you're going to have to realize you're going to have to go out and follow this. You're going to have to have a number of techniques going, and once you get the number of techniques going, you're going to find everybody after a certain period of time will be coming back and bringing business to you.

Again, I want to repeat, stay out of ruts. Do not get hung up on just one thing. The fascinating thing is most of you get hung up going with a source called business

brokers, and when you go with business brokers, what most of you end up doing is finding yourself with a lot of problems. That's when you find out that most business brokers are not very good at what they do, and they also end up qualifying you so much that you end up being very disappointed with that approach. So, what I'm saying is if you want to use that approach, fine, but what I'd like you to in addition is go to a number of areas.

Let's start with the number one area – suppliers. The number one source, and suppliers we're talking about, people that supply businesses with goods and services, and I don't know if you realize this or not, but the average business owner when they go to sell, do not call a priest, minister or rabbi. What they normally do is they talk to their supplier because a supplier is a person that's in there everyday or every couple of days talking about their needs or goods and what's happening in the business. When they do get to the point where they want to sell, you're going to find they're going to talk to their supplier.

You're also going to find the average supplier knows who's making \$50,000 a year and a \$100,000 because it's important to them because they want to make sure that when they're delivering goods and giving these people credit that they get paid.

They also want to know when people sell. Why? They want to make sure they get their money or a guarantee of getting their money before the next owner takes over. So, suppliers have a lot of reasons for doing what they do and they also have good reasons for helping you.

When you go in to talk to a normal supplier – let's use an example. You decide you want to own that fantastic restaurant. Well, tomorrow, if you'd like to, you can go

out and hit 10, 15, 20 or 30 restaurants and talk to the different owners, but there's a shortcut. Why not talk to the canned good supplier or the person that supplies that restaurant with meat or liquors or Coca-cola?

What I'm saying is go to that source because you're going to find in one meeting with these people – people called suppliers – you're going to be able to find out about a lot of businesses in the area, and they'll sit down and talk to you about them. You're going to find in addition these people are also going to call you in the future as other businesses become available. So, it's a shortcut, and easy way to go.

Now, for those of you who also have problems in talking to people or maybe have that fear factor, the other thing you have to realize is the average supplier is going to set up an appointment. In other words, they're going to call up so-and-so who happens to be a customer of there's and say, "Hi there, I have this great friend of mine, Art Hamel, and Art Hamel is interested in a business like yours and making \$75,000 a year. Are you still interested in selling?" They then set up an appointment and the thing you're going to notice also every supplier will say that you're an old very dear friend. They never say, "Gosh, this bum just walked in off the street." What they normally say is, "I'm sending over a very good friend." So, you're not only finding you're having somebody do the analyzing and selecting for you, but you're also going to find they set up an appointment for you which makes it very easy because you've come recommended.

The next source we talk about here is cold canvassing, and we talk about cold canvassing when we're talking about walking into stores, businesses, it could be manufacturing distributorships, and the thing you have to realize is we're talking about doing each one of these things so many times a week. So, when you get to the point that

you're talking about cold canvas, this is where most of you turn off and say, "My gosh, I'm not going to go out. I don't care if it's raining, snowing or whether it's beautiful or bad." That's a fear factor.

The thing I want you to realize in our programs, our regular seminars that we've been teaching now for over ten years, the one reason that we've set up a thing called "Field Trips" in the beginning was not only to educate our students in what was going on in the real world of business, I mean during these seminar periods, but also to get them over the fear factor, and what we have found is by setting out people when they're going through our seminar to visit different businesses, even though they're only out for two hours, three hours whatever it happens to be, we find that it helps almost all of them get over that great fear that they have or that great fantasy they have about business owners being very touch people or hard to talk to, and what they do is they found out just the opposite is true, and can you go out tomorrow and cold canvas? Yes you can, and you're going to find that, let's face it, the average business sells every five years, so on the average one in five should be for sale.

The next category, we're talking about promotion letting the world know. I don't want you ending up becoming closet potential business owners or the same thing with business brokers. You're afraid to go out and let the world know what you're doing. You're embarrassed especially, when you're going out to buy a company. You're afraid that your friends and all the other professionals are going to tell you, "You've got to be kidding. You? You don't have anything. You can't do anything like that." And, you're afraid they're going to put you down so you don't let anybody know.

You're going to find just the opposite is true. If all of your life, you've had been sort of treated like a wimp, you're going to find that the world is going to suddenly look at you differently. Why? Because for the first time in your life, you're going to go out and do something positive, and you're going to be doing something that everyone one of your friends and relatives wanted to do.

So, you're going to find there's going to be a new degree of respect. I'm not going to tell you nobody's ever going to put you down, but it doesn't happen very often. So, let the world know, and what you're going to find is that instead of yourself being the only birddog looking for this great business for you whether you're a broker or a buyer, the thing you're going to find is you're going to have thousands of other people that you know that are also going to call you.

If you don't believe it, in the next couple of days everytime you run into a person, ask them if they know of a business for sale – and I'm talking about friends, relatives, whoever you happen to run into – and you're going to be surprised at the number of people that know about a business that's for sale. It's really fantastic.

The next category, lawyers which is a category many of you end up staying away from – now as I start to go through the different professionals in this section, I don't want you to go out and say, "Hey, I'm going to have to hire an attorney, and the attorney will find a business for me." I don't want you to do that. If you happen to be working with an attorney right now, and the attorney happens to be a friend of yours or maybe the attorney happens to be a person representing you in a case so you know that attorney, what I'd like you to do in the next couple of days is sit down and spend some good time with them. Don't just call him on the phone. Don't try to make up a list of things to send to 50

attorneys in your area. I want you to go out and hit every one of the attorneys that you know. What I'm saying is go out and take your time and get all of them. Just don't shotgun. And, what you're going to find is have breakfast, have lunch with your attorney, spend an hour, an hour and a half, two hours. Spend some good time with that person, male or female, and what you're going to find is that person is going to know about businesses for sale.

Most attorneys either have that through their office because a client has died and they've been asked to help or to sell a business, or they happen to know of one in the office, and if you also let the attorney know that you're willing to pay that person a fee – and again let's restate this point – most of you are going out whether you're working as a broker or a buyer and you're going to be making quite a bit of money on the transaction whether you're buying it or whatever. What you should do now is learn sharing time because a lot of these people whether their friends of yours or professionals working for you, whichever the case may be, they all would like to get paid. In other words, they see you making this big chunk of money all they'd like to say to you is, "Hey friend, why not share part of it?" And, what you're going to have to get down to in every conversation with every professional or friend is show them that you're willing to share. You're willing to pay them a fee even if it's only a finder's fee.

When I start to talk about the next categories, five and six, whether it's CPAs, Accountants or Bookkeepers, the thing that always fascinates me is the fact that most of you come to me and say, "Well, I haven't done that. I haven't gone to people like that." Well, again, let me restate, I don't want you to pick out a CPA out of the Yellow Pages or an accountant or a bookkeeper and sit down and ask them if they have a business for sale.

What I want to ask you is, “Are you working with a CPA now or a bookkeeper or accountant?” Do you have friends in these areas?

Again, I’d like you to go out and have breakfast with them, lunch in the next couple of days. Sit down with them, talk to them, and what you’re going to find is – again, assuming that the average business sells every five years, and say your CPA or accountant has a hundred clients, out of a hundred clients that means 20 of them are going to be available for sale this year, and although you may not understand this, many clients will go back to their CPAs or accountants or bookkeepers and say, “Will you assist me in selling?” And, you’re also going to find, let’s face it, who knows which businesses are making \$50,000, \$100,000, \$200,000, who’s cheating and who’s not cheating, and you’re going to find these are the group of people you want to work with. In fact, they’re one of the better sources that we work with in the United States.

The next category, stock brokers, is one that a lot of you overlook. And, again, I want to restate what we’ve mentioned a couple of times on this tape and that is the fact that I don’t want you to go out and hire a stockbroker, but if you’re working with a stockbroker, the thing you have to realize is stockbrokers handle a lot of transactions because when a sale of stock is included in the transaction, a lot of people will come to their stockbroker and say, “Will you sell my corporation?” Which in essence what they’re really doing is selling the stock in that corporation.

So, you find a lot of stockbrokers will have businesses for sale or will know of businesses that are for sale, and if they’re not particularly in the business of selling themselves or whatever, you’re going to find they’ll turn this business over to you, but the thing you have to remember with stockbrokers as all professionals, remember to pay

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them a fee. They're entitled to a fee, and you are to pay them a fee, and it's also called sharing time. You'll find the stockbrokers then will not only search all the other stockbrokers in their firm at that location, they'll search every other office they have and then when the stockbrokers get together every week or two to have their stockbrokers meetings, you're going to find they're also going to be talking to their friends. Why? By helping you, it's going to be another source of income.

Next category, bankers, is a category many people overlook, and, again, why are bankers aware of the fact that businesses are for sale? Because a lot of clients especially when they're getting loans through their banks will tell their banker. The main reason being they're wondering if the loan is assumable. They're also wondering if the banker might know about some other client that has money that might want to buy their business. So, bankers are going to be a great source also, and it's also nice to get to know your banker because the more you get to know your banker, the easier it's going to be later as you go down and try to get loans. What you're doing now is basically laying the ground work if you haven't done it already, laying that great groundwork that you have to lay with a banker because it's very difficult especially later to go in and hit your banker for a loan when you're in their for the first time. So, it's nice to lay that groundwork and be in their three, four, five, ten times before you finally ask that banker for the loan you're looking for.

The next source, and one of the better sources, or one of the best sources we have found over the years is a thing called The Wall Street Journal. The Wall Street Journal especially in their "For Sale by Owner" business page and also by broker, which is the

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page that comes out on Wednesday and Thursday in that newspaper, is the best one to get and there's nothing wrong with ordering it Monday through Friday.

The thing you also should realize when you're getting involved with the Wall Street Journal, you're going to find it's broken up by sections. They have broken the United States up in so many sections. So, if you're looking for a business in a certain part of the country or you're selling a business in that area, it's good to advertise in that journal. If you're the type of person that's looking for businesses all over the country, what you might think of doing is getting the Wall Street Journal for each one of the areas of the country.

The other thing you might consider doing also is just going Wednesday and Thursday. For those of you who are anxious and want to go out very fast, why not get it all week, and it does come out Monday through Friday. Again, Wall Street Journal is a fantastic source. The only thin I want to mention though is you contact the Wall Street Journal, there's going to be two different types of ads in the "Business For Sale" section. One is just going to list a phone number and maybe the name of a person, and the other one is going to be box numbers. Again, we've tried a number of these over the years, and we have found when you go after the telephone number type, although it seems to be the easiest and fastest way to go, it's not the best because what's going to happen is the person who's put that ad in there most of the time is going to try to qualify you, and what's going to happen is they don't give you any information and they're trying to pick your brain to find out everything they can from your side. It's always been my policy and philosophy that I, as a buyer or a representative of a buyer, am not going to give any information to the other side until after I basically have a desire or a need.

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Let's say you have a great business, fine, but if you don't sell me on it, I have no reason to expect to tell you who I am or what I'm trying to do. So, what we're trying to do is go after usually the box number ads in the Wall Street Journal, and you write to them. We never use company stationary because a lot of the people that are running these ads are going to think you're doing research or you're spying on them. So, what we normally do is use normal stationary. We try to type whenever possible, make them neat, and for those of you who like to save time, do not go to the copy machine and just make out 50 copies and send it to all different people. Myself, when I have run ads in the Wall Street Journal and I've gotten enquiries like this on Xerox paper, I have a tendency to do what most of my friends would which is just throw that in the waste basket.

So, take your time. Go after the ones that look very good, and again send good letters. Again, it might take you a week or two to have these come back, but it's worth it.

Now, don't come back to me and tell me that this doesn't work because even when I'm buying businesses, I not only use the Wall Street Journal, but if you want to take all the other categories I'm talking about. I'm follow this step by step and again, I don't buy businesses every month, but when I do, I go back to the same list, follow the same thing you're doing out here, and I find it works. Incidentally, when the day comes when it doesn't work, then I'm going to change this section.

The next thing, the business opportunity newspapers is a thing I probably get the most questions on, and there's a number of different types, and again, we have looked over the United States and practically every city in the United States has a person or an organization that are putting out "For Sale by Owner" businesses. In other words, people will write in, people will pay a certain fee, and the company is basically advertising for

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them. They don't collect a commission or a fee. All they're doing is charging for the advertising costs.

I'd love to promote somebody, and I'd love to be able to tell you on this tape or in our programs about the great program available, but to this day, I haven't found that, and I over the years have subscribed to every possible one that they have put out and what we have found in every case, it's either junk, there's not a lot of information, but plain and simple just to sum it up – we have found that we have just wasted our time. Incidentally, if any of you get to the point where you want to make a little extra money and you want to put out something good in this area, we'd love to recommend you.

For those of you that do find somebody in the next few months that may be a good area and if you've used it and reused it, you might recommend it to us and then we can recommend it to other people.

The next area, the trade journals is probably the most overlooked area, and the thing most people do not realize is every category of business has a thing called trade journals. What are trade journals? Those are the journals that are put out by your area. It could be the restaurant industry. It could be the hotel industry. It could be the electronics industry, and every industry has dozens and dozens if not hundreds of magazines. How do you get these magazines? How do you get on their lists? Well, it's very simple, as you're going out to business suppliers or business owners in the different categories, most of them have these books laying all over their desks, and what you can do is just tear out the card, fill it out, and mail it to the people that put out that publication. On almost all of them, they're free as long as you're a part of the industry or about to become part of the industry.

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If you don't want to do that and you want to take a shortcut, you can go down to your library to the reference section to the people that put out the standard rate and data books which are the rates for newspapers, rates for television and newspaper advertising, and these same people put out a book also that lists all the publications in the country with an address and you can just go by category which might be carwashes and write to the different publications. Within 45-60 days, you'll be on the mailing lists for many, many people that put out these books.

In the back of these books you're going to find many great businesses for sale. If you want to sell one, it's a great place to sell a specialty business, and for those of you who are looking for management in these specialty management or specialty people, it's a great way to find people because they advertise because they want to get hired. For those who are trying to hire somebody, it's a great place to hire or put an ad in for a manager.

For those of you also that are new getting involved in business, it's great to read these trade journals because you're going to find within every industry there's a number of consulting or industry groups that have consulting people or experts available. Sometimes it's just a part of the service for joining the organization. Other times, you have to pay a little extra for it, but it's very beneficial because those people are specializing only in what you're doing or what you have a problem in.

Real estate brokers, the next category, may not be the number one for you, but for all the years that I've been working, I've found real estate brokers to be my number one source, personally. The reason for this is I still attend a lot of real estate meetings around the country, and although the real estate people at those meetings spend most of their time marketing different pieces of real estate that they have in different parts of the

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United States, they also usually are sitting on or know about a business for sale, and what I try to do then is talk to them about. Since they know that I specialize or work in business opportunities all the time, what we find is they will then give me a complete package. They may have a listing on it, they may not, but the key thing is I find I pick-up dozens of good businesses every year making quite a bit of cash flow, very well priced, that these better real estate brokers have put together. Again, keep in mind one thing, real estate brokers like to get paid also. So, even though they happen to be very friendly and they'd be very good friends of you, why not tell them about the amount you're going pay if you decide to buy that business or if you're a broker, maybe you're going to do a little co-brokering and give them part of the fee.

You're going to find in this business sharing pays whether you're a broker, whether you're a buyer or seller, by sharing with other people, you're going to actually make more money in business especially when you get away from the greed side.

The next category is the one I have the most fun with and I can't possibly do this on the tape, is a telephone book. The reason's the telephone book is so important is many of you come to me and say, "Gosh, I can't possibly find a business" and it's raining out, or it's snowy, or maybe it's too sunny and you're in an area where you like the rain. Well, the thing you have to realize is we have a thing called the telephone book. We have a thing called the Yellow Pages, and by just going through the Yellow Pages what you're going to find is a number of businesses by category. You want to find suppliers. They're listed in the Yellow Pages. For those of you that want to come to me and tell me there are no businesses available in your town or in your city, why not pick up the Yellow Pages and count the number of businesses that are listed in there keeping in mind every year

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that number grows by quit a bit, and what you're going to find is you're just making excuses not valid.

The telephone book is very simple because if it happens to be a rainy day or you're trying to pick a category that you're going after, all you have to do is pick out that area, maybe it's something that you always wanted to check into, and what you do is you stick your toe in the water. You start to call these people, ask them if they want to sell.

Now, I know you think you're going to be turned down, you know it's not going to work, but try it. And, what you're going to find is for the hour or two that you spend, a certain number of the people are going to be interested in selling. Incidentally, you're going to find all of them very willing to talk, maybe one or two not, but most of them very willing to talk, and what you're going to find is you can dig out a lot of information, ask if they'd consider selling, and if they want to what you do is you set-up an appointment and you go to see them.

The thing I want to warn you on – on anything whether you're calling on advertisement or you're calling someone on the phone – as soon as you talk to them and they start to give you the story, “Well, I can't really tell you on the phone, you have to come here in person and see it.” I just want to give you my experience of doing this for over 30 years, and that is if they don't give you a lot of information on the phone and it's a “Show me” type, you're usually going to find they're trying to explain why they're not doing very well which maybe means that you've wasted your trip. You wasted time going to see them. So, try to get as much information as possible without insulting them.

The next category we have here, directories, and the reason I put directories in number 14 as if I put it up at number one, you'd go to directories and I would never get

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you to number two or number three. Directories is one of our better sources, our best sources, and the thing you have to realize is one thing as you think about directories. Directories are the things that you find at the library. You go to the reference section and you're going to find in your library you have hundreds if not thousands of these books, and you're going to find state organizations, local organizations, Chamber of Commerce, everyone has put out books in different types of industries, and they have books that lists the names of the owners, the type of the business, how many employees they have. Some of them list what their sales are. Very few that I've seen ever list the profit because it's a very difficult thing to dig out, but the thing is it does give you a feel for how large the company, how long it's been in business, what product line they're in, and what happens is it ends up helping you give you leads.

Now there's two ways to go when you're analyzing directories. Number one, you can go out and write letters. And I want you to keep in mind, if the directory is broken down by category by business, I want to warn you not to mail out anymore than 50 letters because once you mail out 50 letters, you might find that 10 or 15 of them are going to come back and want to sell you their company or they might want you to list it.

The thing that you have to realize, for those of you that are very ambitious and send out 500, you're going to end up with so many people coming back using this approach, you're going to find that you have a basic problem.

Now, when you write this letter, the thing that I want you to do is keep it very simple, don't ask for a lot of information, just ask them for information on it. If you're too specific or make up a list of 50 different things, in most cases you'll kill a deal. What you have to do is get a couple items from the other party, and then each time you talk to

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them, then you ask for more information. You don't want to kill it by going out and asking for 15 different things the first time. Take it slow. Take your time.

The other thing is on the directories, you can also call because let's say we have written to 50 of them or written to a hundred of them. The other thing you do although you've spent time in your office or in your home calling on the Yellow Pages, this is the next thing is to approach directories and pick areas of the directory and maybe spend an hour or two just calling the different people in there ask them if they're interested in selling, and although a lot of you think that this is not a good way to go and maybe you want to go to the route of looking at newspapers, you're going to find this is more productive than looking at newspapers. In fact, you're going to find the newspaper route which is the way the most of you go is not the correct way. Again, there's nothing wrong with it basically, it's just that it's just not as productive in most areas as the other two things we're talking about here and that becomes very discouraging.

Dun and Bradstreet – Dun and Bradstreet puts out a lot of very good information on businesses, and for those of you who want to spend a few extra dollars, and maybe get additional information which could be ratios, they also give you more as to what their ability is to pay which is also going to give you direction as to how much money they make every day. The D&B ratings are going to give you a lot more information than you're going to get from the directories, and they are expensive compared to what we've been talking about here, but for those of you going out to buy very large companies, you're going to find the amount you're talking about here is insignificant, and if you want to save time or save money, what you might consider doing is you might find a banker or a CPA firm that happens to subscribe to the service that can get you the additional

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information you need and then the amount becomes a token amount. It may be \$50 or \$100 or something in that range.

As we look at section 16, the next area, and we start to talk about the Chamber of Commerce, I'd like to restate what we already talked about a number of times in the program, and that is when you get involved and you're going out to find a business, the key thing you have to keep in mind is one technique doesn't work. Again, it's not based on a book I've read or a number of books; this is based on our 37 years experience in business. It's based on our over 10 years experience in teaching seminars, many years over ten years as a matter of fact. The thing you have to realize, we've watched thousands of people every month that go out to find businesses. We then find out what works and what doesn't work. I can tell you flat out for those of you that are going out and still thinking about using just on technique, you're going to find your chance for success very small. You then have a tendency to want to blame the world, blame us for this thing not working, and the key thing is you're doing it wrong. What you have to do is follow the book. What you have to do is follow the method of doing it. If you want to be creative, as I keep telling you, do that later.

One of the things that has happened the last year or so, we have had a number of people that have even organized this area, and again, these are graduates of ours, we haven't done this. This was their idea. The key thing is what they started to do is say, "Let's make this simple. We're going to take these 20 basic techniques..." and keep in mind we're talking about 20 out of 78, okay, why don't we just give you all 78? Because you're going to find that most of you don't even use all 20. You don't need that many. It's overkill. Even 20 is even basically overkill.

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When you start to think about going out to find these businesses, what you have to do is keep in mind one thing, it does work. Yes, you will be able to find businesses as long as you don't get in a rut.

Now, one of the easy ways is to leave the program or after you get done studying this is to take the next day, say it's a Monday. Number one you do on Monday. Number two you do on Tuesday. If you find that maybe one day isn't enough to get one thing going, maybe Monday and Tuesday you'll do number one and then number two. You go through all 20, and then by the time you're finished you're going to find that you'll have all sorts of businesses falling out of the tree.

What you do then is you can proceed on the ones that you have or you can keep going and go through the thing all the way through the second time. What we have found in the last couple of years is that if you go through it in that order and do all 20 of them and then go back again, most people don't even have to go back the second time.

If you do have to go back the second time, we normally find we have to check what you have done wrong is you're not following what we're teaching. You picked out one or two and that's what you've concentrated on. And, even though some of them may seem easier, what you have to do is realize one thing. We don't want you going out and try to rely on luck. We don't want you going out and try to stand under a tree. What we want you to do is realize up in that tree there are a lot of businesses available. What you have to do is go out and shake the tree. You can't hope that you're going to luck out because if you're relying on luck, although some of you may make out in that area, what I want you to do is go out and spend some time. If you spend the time, you're going to find you're going to be very successful. No magic, just it's going to work.

Now, we start to talk about the Chamber of Commerce, the thing you have to realize is your local chamber provides essential information about the economic climate of the area. The chamber can give you specific facts and figures about business trends, opportunities. They can acquaint you with ownership movement in local industries and businesses. In order to get a realistic view feel of the business community, the Chamber is a must. It's also a great source of well-prepared material to include in your presentation to investors or maybe your family and yourself will be moving to another area. The information is required. They are very nice people to work with. You'll find they'll spend a lot of time with you and they also have a lot of material prepared on the area you live in.

Now, I also suggest if you're moving to another area or you're working with a client moving to another area that you get the Chamber of Commerce package on the area that maybe you or your client are going to move to or you're going to be involved in because it gives you a lot of background information as to what the community's like. It works very well.

The next category, The Better Business Bureau, is one that we've worked with a long time, and although we have them down in 17th position, it's one that could be a little higher. Because the Better Business Bureau is a watchdog of business activities, you can quickly determine how a particular business is being received by the buying public, whether any complaints have been registered, and how they've been resolved. You can also check on the general complaints that are being put forward against all business in that general category by talking to the people at the Better Business Bureau.

The Better Business Bureau is also a great agency to connect yourself within your search for businesses to buy. Get acquainted with the staff, and they often informally share information about businesses in transition. Why are they willing to do this? Because this is part of their job. What you're also going to find this is part of their job being nice to people in business, and again, I suggest that you set up each week a certain amount of time to talk to the Better Business Bureau not only when you're buying or starting your business but also later when you're in business. They're great people to work with.

The next category as you probably already know is the category we have the most trouble with, and again, I have the most trouble with as a person educating. I am a person who has trouble with business brokers when I'm out trying to buy a business, and a couple of weeks ago I had somebody ask me, "What is the number one problem we have in educating people to succeed in business?" And, I always say, "It's business brokers." Why? Because business brokers drive us crazy, and as you're going to find out they do it for a number of reasons.

Some of the reasons are caused by the brokers themselves because the way they act and react and the way they work. And, the other area has to do with we don't understand what business brokers really do. So, let's take the first part even though it's sort of negative.

Before I start, I'd like to have a disclaimer. Although you're going to get a feeling during this section that I think business brokers are probably the lowest thing on earth, you're going to find the public perceives them in this manner. I really don't. What I

am trying to tell you is I have a lot of trouble with business brokers, and the reason I have trouble with business brokers is the same reason you do.

Number one, most of the business brokers, and I'm not talking 50% of them. I'm talking about a large number probably about 90%, are totally incompetent. The ones that I have worked with that are not totally incompetent usually are outright dishonest people. They are people that don't know anything about business. They don't care if you get ripped off or not or if they're client even gets ripped off, and you're going to find also, they are people that I consider sleazes of all type areas of businesses.

Now, I also want you to realize taking it from the other side, and again it sounds like I'm saying two different things, but I guess I am. I also can tell you city by city across the United States we have some fantastic business brokers out there also. So, what we have again, like a lot of other areas, we have extremes. We have some cruds out there in the business brokerage area, and then we have some business brokers out there that are the most fantastic people in the world – well-educated, they can do a fantastic job. What you have to do is dig out the good ones. Again, I don't care if you're talking about attorneys, CPAs or whatever, you're going to find some good and some bad. We have a cross-section of people in all the basic areas.

Now, as you're thinking about a business broker, keep in mind one thing, many of you try to go out and finance businesses 100% or close to 100%, and again, there's nothing wrong with that because keep in mind we're doing one thing – if you're going out to finance a business 100%, what we've been educating you in or about, is the fact that you can do this if the business does what? If the business is priced right and it has good financing. If after the financing you still have enough money left over to feed your

family or your client's family. Then also cover the different problems you're going to have in business or you build in a safety factor.

Now, when you're dealing with a business broker, you have to realize, most business brokers do not represent you the buyer if you happen to be the buyer. If you happen to be the seller, a lot of times you're the one being represented. But, the problem is if the broker were representing the seller, and having a contract with the seller to protect that seller, a lot of people get irritated.

Now, if the attorney and CPA representing the seller were to put you down as a buyer, you wouldn't think much of it because they are agents for the other side, but the thing that gets me which is a double standard basically, why can't business brokers do the same thing? They have the same type of agency set-up. They're being paid by the other party, and the other party has said to them, "Look, I've tried to sell the business myself, but the reason I'm hiring a business broker is I want the business broker to screen all the buyers coming in. I don't want 8,000 people coming in every hour. It drives me nuts. I want you to find out who can perform."

Now, most business brokers today are trained to do one thing if they're very good and that is to screen people. Now, they don't base it on your desire or your ability to put the transaction together. They would like to see a financial statement or some sort of credentials that show them you have the down payment, that you have the working capital, and all the other requirements you have to have to buy that certain business.

If brokers don't do this taking it from their side, the average business broker spends all their time driving everybody all over town showing them businesses especially

on those days when there's nothing on television. So, the people want the brokers to drive them all over town looking at businesses.

So, what you have to realize is number one the broker's usually working on the other side, and the broker normally wants a financial statement. What is the key rule? The top 20 ways of finding a business. If you want to finance 100%, 18 of them work. You're going to find then, there's two categories that do not basically work all the time with 100% financing, and one is business brokers and the other is the area of merger and acquisitions companies which we're about to go through in a couple of minutes.

Now, let me tell you the biggest problem you're going to have when you go to a broker, a lot of you go to this broker or the merger and acquisition person and say, "Look, I'm trying the Hamel program. I'd like to own a business. I have no assets. I have no cash. I have no experience. I don't want to do anything. I just want to take off for the south seas and I want you to mail me a check." That broker will then tell you, "If I find something like that, I'll buy it myself." And, what they also then call me back and cuss me out and say I'm teaching the wrong thing. What you're doing is doing the wrong thing.

If you want to go to a business broker, go to the business broker for them to find you a business or help you put it together. Don't rely on them for financing. They don't even want to hear about it. They don't want to hear about our program. What they want to hear about is what do you want to own? What do you have? If you are able to keep it down to what you have and be cool, and then do the second thing – provide them with the proper backing.

Now, later in this program in one of the other areas, we talk about running a financial statement, a million dollar statement, having people put up real estate as a guarantee. The one thing I want to state here just like we state in the other chapters, you have to realize you can't put the cart before the horse. The problem you have when you go to a broker and you don't have the financial statement to qualify you to buy that business is the problem is you don't have enough of a financial statement. You don't have enough security behind you or cash. The problem is a lot of you come back to us or go to other organizations to try to get help in this area and it doesn't work because people are not going to put a financial statement, are not going to do anything until you have the business locked-up. You have to have an offer made and accepted.

So, you say, "How can we get it? They won't give us the numbers until we do the following." What you have to do then if the broker is blocking you, is either avoid the brokers or sidestep, go down the street, and find another type business, make an offer on it. Have somebody come in with you're your family or somebody else with a financial statement or a real estate guarantee, and buy the business you're looking at or if you then want to go back to the business at the broker or the merger and acquisition person has, then go back.

A lot of you think that certain programs that we put forth and teach you and educate you in are programs that don't work. And, the problem is you go out and try to use them and it's not that they don't work. You do them in the wrong order. I hate to say this – you have to do them by the book. You have to do them in order, and when you do them in order, they work. When you do them out of consequence, what you're doing is fighting the system. You have to quit fighting the system. Then you fight the system, the

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system doesn't work. You come back and blame us. What you ought to do is blame yourself. You're doing it the wrong way.

The next category, category 19, has to do with merger and acquisition companies, and again merger and acquisition companies basically are companies that we find that sell businesses at net maybe over 50 or 100,000. There's some out there that work on businesses that net over \$250,000, but again we have business brokers that are working on small businesses maybe up to \$100-\$200,000, and those are total prices. So, they're mostly in the mom and pop category.

What we find with the merger and acquisition companies, they're working in basically the larger areas, \$250,000 up to five, ten million dollars net. Again, there's a third category we don't even talk about which are basically investment bankers that do a lot of the merger and acquisition on companies that are up in the hundreds of millions or billions of dollars. The reason I don't want to mention it here is it's not a main category for us because very few of you go after business that large. I don't want to say none of you do. That would not be true. Not many do especially the first time out.

Now, again, they're much like business brokers only bigger. They deal in larger companies. They're highly professional, and we say they're a delight to work with. Again, I'm not going to say every one of them has been a delight to work with over the years, but on the average they are very professional people. A lot of them are attorneys, CPAs, other types of professionals, stockbrokers, and they work with larger businesses. They are not sales type people, and overall generally speaking, they do a very professional job and we enjoy working with most of them.

The last category we're going to talk about now is section 20, management consultants, and the great thing about this is the management consulting business, you have to realize that a lot of the people are business brokers or they're merger and acquisitions or even bankers are basically also in the area of management consulting. So, sometimes these areas tend to overlap.

These individuals and firms basically are the inside track of business. They also know what's going on even before the news hits the street. They know about businesses that haven't been listed yet because let's face it, if you're starting to think about our program, the Hamel program, the thing you have to realize is the reason we – myself and you – are so successful is the fact that we end up most of the time buying businesses that haven't been shopped. They haven't been presented to brokers yet. Most owners don't even know they want to sell. Okay? They've thought about it, but they really have put it in the back of their mind, and what we're looking for is a person who hasn't been beaten to death – somebody that's been trying to sell their business and has had 50 buyers there everyday. We're trying to find somebody that's fresh. We're trying to find one that hasn't been shopped. They're easier to work on.

Also, these consultants have priceless information about the current and potential worth of the business. They have a lot of back-up information, and since they're professionals, you should assume they deserve a fee for the effort on their behalf, and again keep in mind one thing as you go through these different areas and you're working with the professionals – again, the attorneys, the CPAs, brokers, merger and acquisition companies, consultants – the one thing you have to keep reassuring them on is the fact that the fee can be paid and will be paid. If the seller isn't going to pay the fee, make sure

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that you reassure them. Sign a contract. You're paying them the fee, and the key thing to keep in mind is in every person and every transaction that you work on, what you have to do is make sure everybody comes out of that transaction happy. Everybody becomes a winner including the professional supporting it. If you don't do that, you're not going to be able to put together a transaction.

You're going to find people are not going to want to work with you, and although a lot of you get irritated about the fees that these people charge, the one thing that I want you to keep in mind is the amount of money that they charge you is insignificant compared to what you'll end up with dollar-wise in the business you end up going into. So, quit being chinsey. Get all these people working for you, and how do you do it? It's called sharing the wealth and letting them know it. Again, just don't do it verbally. If you're going to share a wealth with them or pay a certain fee either as a finder's fee or a professional fee, put it in writing and when they do deliver and perform, pay it. Don't Mickey Mouse around. Take care of them, that way when you go onto your other businesses, you've developed a good reputation for paying, a good reputation for being professional in buying or running businesses. Then when you go out to the marketplace the second time, third time, you're going to find you have all these people to start you right from the start, and you don't have to start at ground level or ground zero. So, don't be afraid to share the wealth.