

Board-Certified Business Broker (BCBB) Curriculum

The Georgia Association of Business Brokers is launching a new educational program which will enable our members to achieve proficiency in the profession of business brokering. The Board-Certified Business Broker designation, or BCBB, is intended to make clear to prospective clients that the broker has the knowledge and skills to professionally represent them in future transactions.

The GABB operates Georgia's only Real Estate School dedicated specifically to business brokerage. The BCBB curriculum includes 40 hours of coursework designed to be completed over a 2-year period. During this extraordinary time in our nation's economy, the GABB believes that an excellent use of time would be to strengthen the skills professionals need to represent clients fairly, ethically and responsibly.

PROPOSED CURRICULUM FOR BCB CERTIFICATION

Introduction to Business Brokerage – 3 hours

This class is designed to familiarize a new practitioner with the basic concepts and terms used in business brokerage.

Elements of Value: An exploration of how a business broker analyzes a company. Defining those elements for a new practitioner.

- Cash Flow
- Assets, including real estate
- Ease of Duplication
- Competition
- Inventory
- Intellectual Property
- Good will
- The broker should always think about what a lender, especially the SBA, will need to see to approve a loan.

Confidentiality Concerns: An exploration of the need for confidentiality in business transactions and best practices to keep a listing confidential.

Business Broker Process – 3 hours

- Finding sellers
- Preparing listings
- Finding qualified buyers

- Negotiating and closing sales
- Commission/Fee Structure and Getting Paid

Securing Business for Sale Listings – 3 Hours

- Researching comparable properties
- What information should you gather?
- Listing Agreement basics
- Negotiating the commission
- Understanding Co-brokering

Introduction to Accounting Terms and Federal Tax Returns – 3 HOURS

- Basic Accounting Terms – 90 Minutes: An introduction to accounting terms frequently used by business brokers, e.g. revenue, net profit, add backs, Seller's Discretionary Earnings, EBIT, EBITDA, etc.
- Net Income Per Books – this is the number most lenders use to calculate cash flow for debt service.
- All Brokers should know that SBA requires lenders to use tax returns in underwriting.
- Introduction to Federal Tax Returns – 90 minutes

A basic look at business tax returns (Sub-chapter S corporations, C Corporations, partnership, etc.) and why they are crucial to the sales process. How these are used by bankers.

Understanding Financial Statements – 3 Hours

The basics of analyzing a company by looking at its financial statements.

- Profit & Loss statements
- Balance Sheets
- Tax returns

Recasting Financials – 3 Hours

- Recasting financials to get Seller's Discretionary Earnings (SDE)

Business Valuation Basics – 3 Hours

How to Value Businesses (understanding multiples, other considerations)

- The basics of business valuation. Understanding the role that the cash flow plays in a business brokerage transaction.
- Using business reference guide, I.e., Tom West's Business Reference Guide
 - - Rules of thumb based on both sales and earnings (SDE)
 - Pricing tips from industry experts

- Benchmark information that provides comparison data
- Industry resources such as associations and publications with websites
- General information providing industry data, surveys, and comments
- Facts about many different businesses and industries
- Inventory
- How to value inventory, brief overview

Financing a Business Sale – 3 hours

How business transactions are financed and the advantages and disadvantages of each method.

- SBA loans, requirements
 - 7 (a)
 - 504
 - FDA loans

SBA Loan requirements in detail: cash injection, collateral, industry (or relatable) experience, cash flow, to name a few.

- Seller financing
- Conventional commercial financing
- Use of 401K and other retirement funds
- Developing a Business Plan

Understanding Business and Corporate Structures – 3 Hours

- Introduction to business entity types
- Discuss the many different business entity types, including corporations, LLCs, and partnerships
- Introduction to Corporate Structures and the advantages and disadvantages of each.
- How to work with corporations,
- Business Structures: and LLCs, and partnerships or LLPs.
- Ownership interests and authority
- Secretary of State web site: finding out if the company is a validly registered business, requesting a SOC certificate.
- Governing documents for various business and corporation types.
- Operating Agreements for LLCs.
- Partnership Agreement
- Corporations will have bylaws
- Which legal documents you should see before taking a listing

- How these documents will fit into the transfer of the business.
- Shareholder agreements and Buy-sell agreements and how they affect the sale of a business.
- Is there anything in these documents which will affect the sale of the business? Suggest we have a business broker co-teaching class with lawyer to discuss how it's affected the class.

LEGAL ISSUES In Business Brokering – 3 hours

This class is designed to help the new broker understand business structures and how to transfer them using preprinted forms. It is also to cover what issues can be addressed by a business broker and what issues must be addressed by a lawyer

- Using GABB forms
- Asset purchase agreements VS. stock-purchase agreements
- Stock purchases aren't as common, if there's some kind of licensing or intellectual property in a company. Stock purchase, taking the liabilities of the business
- Non-compete agreements
 - Liability for brokers
 - Earnest money and settling disputes

Business Brokering Ethics – 3 hours

Ethical issues that are unique to business brokerage. Must meet the GREC requirements for ethics training.

- Rules, regulations, regulatory bodies that govern business brokers (Nick suggestion)
- Standards of care (Nick suggestion)
- Conduct (Nick suggestion)
- Confidentiality
- Duties to client
- Duties to customer
- Agency – Broker's duty to buyer and seller depends on contractual obligations
- Co-brokering and splitting commissions
- Referrals
- Advertising

Business Broker Practice Approaches – 3 Hours

- Defining your market
- Should you specialize? Why or why not?
- Identifying industry specializations

- Understanding and resolving ethical issues

Setting up Your Business Broker Practice – 3 hours

What parameters should a new broker consider in setting up their practice? Class will examine various brokerage models.

- Finding Sellers
- Identifying the best buyer and reaching them
- Promoting your practice
- Growing your practice
- GREC Advertising Rules
- Buy side brokerage

Understanding LEASES in a Business Transaction – 3 Hours

Frequently, business brokerage includes a real estate component. Business brokers should have some knowledge of lease terms; and know how to identify comparable properties to provide Sellers with guidance on property value if the property is included in the transaction.

- Lease Terms & Conditions
- Subordination and Non-Disturbance Clauses
- Valuing below-market lease rates
- Lease assumptions

Valuing Real Property – 3 Hours

- Valuing Real Property for Sale

Negotiations – 3 hours

How to achieve the best outcome for you and your client. Negotiation techniques that work.

- Listing Agreement/asking price and commission
- Working with Buyers
- Getting to an Agreement
- Price & Deal Structure

Marketing Your Listings – 3 Hours

- Finding the “best buyer” for a listing
- Protecting your client’s confidentiality
- Offering prospectus
- [GREC Advertising laws](#), including:
 - Any advertising that is misleading or inaccurate in any material fact or in any way misrepresents any real estate is prohibited. Whenever a licensee becomes aware

that a principal with whom the licensee's firm has a brokerage engagement is advertising to sell, buy, rent, lease, or exchange real estate in such a manner that is inconsistent with this rule, the licensee must immediately take steps to stop the advertising until it complies with this rule.

- A licensee shall not advertise any real estate for sale, rent, lease, or exchange unless the licensee has first secured the written permission of the owner, the owner's authorized agent, or the owner of a leasehold estate. When such permission is granted, a licensee advertising real estate that is listed with another firm shall clearly and conspicuously disclose that fact and the name of the listing firm unless the listing firm has expressly agreed in writing to waive those clear and conspicuous disclosures.
- A licensee shall not advertise to sell, buy, exchange, rent, or lease real estate when such advertisement is directed at or referred to persons of a particular race, color, religion, sex, handicap, familial status, or national origin. The contents of any advertisement must be confined to information relative to the real estate itself, and any advertisement that is directed at or referred to persons of any particular race, color, religion, sex, handicap, familial status, or national origin is prohibited.

Due Diligence – 3 hours

What to expect during the due diligence process.

- Proving cash flow/examining the books
- Examining real estate
- Examining corporate structure
- Customer lists/revenue streams
- Inventory
- FF&E
- Non-compete clause
- Warranties and guarantees
- Prepaids
- Advance Payments

Proposed: To earn the BCB Certification, business brokers must:

- Earn 40 credits, including 30 hours of required classes, and 10 electives
- Each class will have a written test, and brokers must pass the final test to earn credit
- Have at least two years of business brokering experience.
- Be a member of the Georgia Association of Business Brokers

- GABB members who wish to obtain the certification may opt to pay a fee to take the final test of the course in lieu of taking the class. This option will not confer any CE credits.
- Pay a non-refundable enrollment fee: \$195
- Final examination and certificate fee: \$195
- Additional fees for taking BCB classes will apply.
- This curriculum is subject to revision by the GABB board and the GABB Real Estate School.