



Why Having More Than One Broker Spells Death for Your Plan's Funding

It is a perfectly normal thing to expect people to shop around for things they need. In many instances it makes good business sense—when you are looking for a commodity like a new TV or microwave.

But finding the right funding that will allow your project to be successful isn't like picking out curtains at Sachs Fifth Avenue or Sears. Having more than one trusted broker, or in our case, facilitator, seeking the right funding source creates a number of inherent problems. Not the least of which, it makes the chance of an investor funding you a lot slimmer, maybe even impossible. Here are a few reasons why you want to stay away from hiring a bunch of people to do the job:

- There is a huge chance that the brokers will all be looking to bring your deal to the same pools of money available for lending. Where there is a pot of honey, you'll get lots of bees buzzing around. It makes for confusion when the same principal lenders or investors get approached with the same project to fund.
- Lenders and investors are very quiet people who don't like attention drawn to them—for obvious reasons. They will listen to someone who brings them quality versus quantity, and when so many brokers (or bees) are swarming, the strength of your project and the deal gets overwhelmed by all the noise. You lose.
- You lose a motivated broker when they learn your deal is being 'shopped' around. We have seen some great opportunities get stigmatized because they were being shopped all over the place. Quantity, when it comes to having multiple brokers work on your deal, is the worst thing you can do for yourself. Choose one quality company to work with, and let them work the deal quietly with their own resources. You'll get a better quality investor, fewer false starts, and a chance for trust to build between you.
- A deal being shopped is a lot like the girl everyone knew in high school—in a biblical way. That stigma will stick around long afterwards. Can you afford to have your project appear so desperate that it is splashed around from broker to broker to broker?
- Look for integrity, understanding, collaboration and trust from your broker, and allow him or her to work like a professional instead of walking the streets and hawking your deal like a carnival barker. Unless, of course, your project looks great in a red dress and high heel pumps!