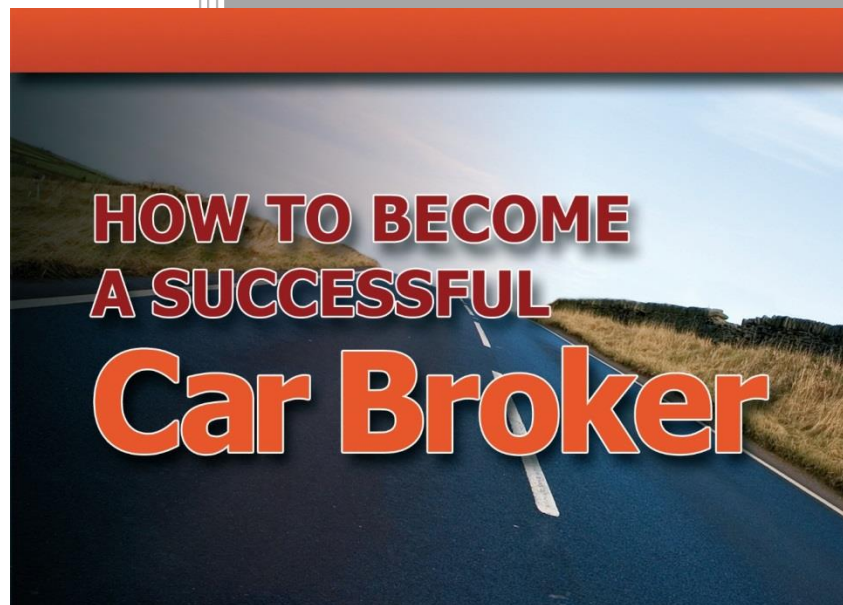


2022

Car Broker - FAQ's





Auto Car Brokers

Driven To Success

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Auto Car Brokers
North Hill Forest Cottage
Silverbridge
Garve
Ross-Shire IV23 2PG
United Kingdom

Tel: 07795 107418

Email: info@autocarbrokers.co.uk

Web: www.autocarbrokers.co.uk



Car Broker FAQ's

This document lists a whole range of questions that have been asked by enquirers and customers alike and are reproduced here to help everyone understand more about this Car Broker Business, and more importantly, hopefully shows that we do acknowledge what customers ask us, and that we share this information so that it can benefit everyone.

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Frequently Asked Questions

How does the used car market protect itself from up's and down's in the economy?

The used car sector has always been very resilient and even though there was an economic slowdown in the late 2000's, primarily through 2007 to 2009, this did impact the new car market, which then revived from 2010 onwards.

The used car sector (by contrast) has continued to thrive, even in difficult times, and has continued to grow, year on year. Indeed, this market is still huge – even now. For example:

- In 2017, over 8.1 million used vehicles changed hands in the UK alone.
- In 2018, this was over 8.2 million - which equates to well over 22,000 units a day.
- In 2019, this was over 7.9 million - which equates to over 21,500 units a day.
- In 2020/21 (the principal years of Covid), this was over 6 million per year – which equates over 16,000 units a day.

So, year on year, regardless of what's happening around the country, used cars still sell, and people and dealers still buy used cars. The dealer's turnover (or 'churn') of their 'used' stock is enormous, and it's all about being cuter with the people you're dealing with and recognising those situations where a deal can be made.

If you're the sort of person who likes doing deals, then this can be an extremely good (and fun) business. From a pure financial perspective, look at this way. If you can source and sell on just **one car a week** (at say a £250 commission), then over a year, that's a £13,000 income. So not too bad when you think about it, just for sourcing and selling on only **one car a week**. If you can make £500 per car – that's £26K a year – for just one car a week.

One of the big problems, as always, is that sellers are sometimes reluctant to appreciate just how much their cars have depreciated (particularly over its most recent year of ownership). It really can be quite frightening, particularly for those who bought from new, and are seeing anything up to 50% of the value wiped off in just 18 months. But that's the reality of the situation, and people have to accept this. There isn't any other choice.

The absolute key to this business is concentrating on those people who **have** to sell their car. There are umpteen reasons why this might be, but they need the cash, and quickly, and just have to find a buyer asap. That's where a broker comes to the fore – being able to match a buyer (who's looking) with a seller (who **has** to find a buyer). All of this we go into in great deal in the Car Broker Business Manual.

The reason why we say that this is an ideal time to be learning the business, is really dependent on your individual circumstances. Like many businesses, there is a lot to learn and a lot to research about the cars and manufacturers you might wish to deal in. That means visiting local dealers and franchise operations to see what they're all about, picking up brochures etc and immersing yourself in everything about the cars, and obviously becoming more knowledgeable. But you can get most of this information online these days of course.

How has the Coronavirus pandemic of 2020/21 affected the used car market and the motor trade in general and how will it affect my business?

Well, it should go without saying the Coronavirus pandemic has had an impact across the motor trade in general – affecting both the new and used car sectors – but the figures do speak for themselves, and these do actually make surprising reading, particularly in the used car sector.

Essentially, whilst manufacturers stopped making new cars at different times (to ease supply), and dealers and distributors were shut during lockdowns, used cars have continued to sell. And even though dealers had to shut during various lockdowns, they made up for it once lockdowns were lifted and the final numbers for 2020 have been extremely encouraging, if not quite surprising.

The impact has been significant, but actually not as serious as was originally anticipated. Because as the numbers have shown, the market for used cars for 2020 in the UK only dropped by one million units – which in reality is quite fantastic and just goes to demonstrate how resilient the market has been during one of the most difficult times the industry has ever experienced.

And the market will bounce back again... it always does. People will always want to sell their cars and people will always want to buy them.



Any downturn is always an ideal time to start setting up a new business because there is so much to do, what with getting everything in place, whilst not forgetting that there is lots of research to conduct. Too many people rush into a new business venture and expect far too much too quickly. Their expectations are high, their confidence is high – but often it's the little things that get overlooked – and all because they haven't undertaken their due diligence sufficiently.

Time is the important factor here, and if there can be any positive that come out of a situation like a pandemic, it can be that people have more time to get their plans in place without feeling that they have to rush into everything.

And whilst 2021 really was the year of the used car... this continues at pace into 2022.

Why – well, the market is booming, with demand increasing dramatically and the prices of some of the most popular used cars up by as much as 10% over the course of the year.

The huge release of pent-up demand, post lockdown, kicked all this off. On top of that, many buyers were switching to used cars in order to save money, while others wanted to reduce their dependence on public transport.

At the same time, a semiconductor chip shortage has led to delays in the delivery of new cars, with many buyers opting to buy used instead. This has reduced stocks even more.

With all of the above, now could not be a better time for a broker in the used car sector. The market really IS booming!

What would I be committing myself to?

Car Broking is a good business because you don't have to actually buy any of the cars you're dealing in - you're only sourcing them. Therefore, there is very little risk for you and certainly no financial exposure.

Like any business though, this isn't for everyone. But if you like cars and enjoy being involved with cars, it can be very enjoyable and satisfying.

If you invest in this business then you immediately have access to all our digital content... everything.

Obviously from that point on, and because it's digital content, there is no way that you can return it. This is all explained in our Terms and Conditions on the website.

So, before you purchase anything, do all your research and due diligence to satisfy yourself that this business is absolutely right for you, and you know exactly what you're getting involved with and why you want to be involved.

This really is a true '*Work From Home*' business. Yes, you can be out and about quite a bit (typically we often say to people, focus on visiting dealers within something like a 30 to 50-mile radius of where you live) – that's up to you of course and how you want to run your business. But so much of what you have to do can be done from home – and that can be very important for many people wanting to start their own business.

But don't worry - we'll show you everything about this business, what's involved and how you go about everything – so that you can really see if it is something you would like to do. And if it is – we'll support you every step of the way!

Why would a dealer buy a car that they've never seen?

Because that's often how dealers work. Particularly if a car they want is possibly several hundred miles away and it's just not practical for them to see it beforehand. So, they (or their representative) will always be prepared to travel to see and purchase a particular vehicle.

The key to this of course is that you (as the broker) are always conducting yourself professionally and asking sellers all the right questions about their vehicle (and we go through this in considerable detail in the Car Broker Business Manual).



And yes, we've made a few mistakes in our time, and we've learnt from it. All of this is gone into in depth in the manual so that others (like you) don't make the mistakes that we did.

Dealers (or their representative) will only see the car (that you've offered them) for the first time when they go to inspect it, pay for it and take it away. They know of course that they aren't going to hand over their money until they've checked it out, that it's as described and they're happy with it.

They also know that it's a fact of life in the motor trade that sometimes they'll go to see a vehicle that might have ended up in them walking away (perhaps because the car wasn't quite as described) - but very often they will still buy the car because it's still what they want - or indeed what their customers want. The price may just need to be re-negotiated – depending on what the issue is.

At the end of the day, it's about you building up your business, your credibility and your reputation so that dealers know what to expect when you offer them cars. And if you've built a good business relationship, they will not be too upset if the odd deal goes sour. They won't be happy, but they'll probably get over it quickly, and move on to the next deal that you put their way.

As you build your business, you'll find that probably one deal in twenty goes 'sour' because the seller just has not been truthful about its condition or history. But that's a good average for the motor trade.

Just like every other business, you start at the bottom, learn the ropes, make mistakes and learn from them.

What we have done is to provide you with as much information as possible to lessen the risk of you making even the simplest mistakes.

What personal qualities do I need to make my business succeed?

As with any business, it can take time to be successful, but you can also be surprised at how quickly you can begin to generate an income. One big advantage is that it's a true 'work from home' business because the majority of your business is conducted over the phone or online. You can certainly operate this business on as few or as many hours per week as you are prepared or want to put in. But the reality is of course that, like any business venture, you get out what you put in! There's no such thing as a *'free lunch'* these days.

Assuming you already have access to a PC and the Internet and obviously a telephone, you can run this business on a *'shoestring'* initially, until you have the means to invest in some basic software systems (which you might already have access to) to help you with various administration tasks. Your only real immediate expense is the telephone which of course is your primary means of communication with buyers and sellers.

The time you put in can be very subjective, but to be successful you would need to be able to put in several hours a week in order to source a particular car and find a buyer for it. But as we have said above, if you are good at this and can source and sell on just one car per week and make a £250 commission on this, that's not a bad income of £13,000 per year - for sourcing just one car per week. Just be aware that (as stated earlier), you get out what you put in.

Clearly, we have no idea how anybody sets themselves up or operates their business - but it can indeed be very successful and very rewarding. Just remember – we're always here to support you.

Over 16,000 man-hours (over many, many years and with input from a number of people) have gone into the development and compilation of the Car Broker Business Manual alone that comes with the full business package, and all our knowledge and experience about how to set up and run this business on a day-to-day basis has gone into the ***"Car Broker Business Package"***.

If you look on our website at www.autocarbrokers.co.uk we explain in some detail what this business is all about - getting set up, finding sellers, finding buyers, dealing with day-to-day issues, as well as providing you with a number of additional benefits (files and documents) which will provide you with templates for all the forms you might need to help you get started, plus a raft of other information.

Given the hours, days, weeks, and months that have gone into developing this business – then this is extremely good value – and all provided to help you get up and running.



If you are diligent about what you do as well as being resourceful and motivated, then this business can work very well and will deliver the appropriate rewards.

It's not just about knowing what you're doing or putting the hours in to make this work. More than anything it's about your integrity, and truly believing in what you're doing.

The hardest thing about starting any new business venture is coping with something not happening immediately, and that it might take longer than you'd hoped for things to actually start happening.

Key qualities should be a professional approach, honesty, and an easy telephone manner. And of course, it's critical to know everything about the products you're dealing with, so that means researching the particular makes of cars you've decided to focus on, so you know all about the different models, the specs, engines, gearboxes, colours, wheels, options etc.

And then it's about using common sense. Our business philosophy is very simple, and it's printed on the last page of the Car Broker Business Manual. It says...

***“Plan well, work hard, be honest, frank,
professional and credible, and most importantly,
always learn from your mistakes.”***

What is the normal daily routine?

What we have done is bring together our wealth of knowledge and experience and produce our very comprehensive Car Broker Business Manual that covers everything we have learnt about the motor trade over the years (since 2006), particularly in the car broking / vehicle sourcing sector, so that anyone else can learn from our experience and use this to help them as they grow and nurture their own business.

The time you are prepared to (or can) put in is up to every individual of course, and this can be very subjective, but to be successful from a start-up position you would need to be able to put in several hours a week. Just be aware that, once again, you get out what you put in – so don't expect immediate results. It takes time to get going.

We have answered some very specific questions here, but obviously these are covered in considerably more detail in the Car Broker Business Manual itself. But please read on...

- a) **What is the normal daily routine?** – We cover everything very comprehensively about what you need to know about finding sellers, finding cars, and finding buyers. Much of your daily routine would be identifying those people who have advertised their car for sale and seeing if it's a suitable car to take on. So, much of your time will be spent on research about the cars you would like to deal in, as well as speaking to people on the phone in order to glean all the facts about the cars they're selling – and why they're selling.

There are many places to look for cars and again these are covered in the manual. What you're looking for all the time is what we call the '**Optimum Seller**'. And that means someone who has to sell their car because they need the money quickly, but they cannot find a private buyer. (We also cover what we mean by 'Optimum Seller'). In conjunction with this, you're also looking for the '**Optimum Car**'. Those cars that dealers are looking to purchase day in and day out because they're the right spec, right colour, right mileage etc. Once again, this is covered in detail in the manual.

- b) **How do I find my customers (the dealers) who will buy the cars I've sourced?** This can be through a combination of calling dealers and speaking to buyers, as well as using a number of motor trade websites that can help you to advertise (quite cheaply) the cars that you have available. We do advocate developing your own email databases so you can set up dealer contacts this way and email them quickly and efficiently about the details of cars you have available, and more importantly, as soon as they become available.

Equally, it is important to build your own network by visiting and starting to build relationships with dealers locally to where you live. Start with something like dealers within a 25-mile radius of where you live – but some go up to a 50-mile radius. It's whatever suits you and your own situation.



As we have said, there is a very detailed Car Broker Business Manual that comes with this definitive **“Car Broker Business Package”**.

This covers everything you need to understand about this business:

- how to set yourself up,
- how to find sellers,
- the competition you need to be aware of,
- how to find buyers,
- how to deal with day-to-day issues,
- miscellaneous items
- tools of the trade
- useful websites

Then there are all the free benefits (files and documents) which will provide you with (for example) templates for all the forms and documentation you might need to help you get started, plus a raft of other information.

Investment cost

Other than the initial outlay to purchase this comprehensive **“Car Broker Business Package”**, your only other primary outlay is in whatever hardware or software you need to help you run your business – plus access to trade pricing information such as Glasses Guide or CAP HPI Valuation. You would need to have access to a PC and the Internet, a printer and obviously a telephone. You can find word processing and spreadsheet systems for free on the Internet these days, but clearly M/Soft packages are the most popular.

You can run this business on a shoestring initially, until you are able to invest in some basic software systems (which you might already have access to) to help you with various administration tasks. Other than this, your only other initial costs are for bits of stationery etc. to help you on your way. One of the real ‘benefits’ of this business is that the cost of setting yourself up is so low. You don’t even need to set up your own Limited company initially. Just operate as a sole trader and see how it goes from there.

On-going monthly costs

Your only real immediate on-going expense is the telephone which of course is your primary means of communication with buyers and sellers. The costs of this can vary enormously but is obviously very dependent on what type of telephone / mobile package you have with your provider. You can get some really cheap tariff deals these days.

Then there are your marketing costs, stationery, business cards, website, email etc – these all need to be considered.

One other significant cost would be if you invested in a trade buyers guide – something like Glasses Guide, CAP HPI Valuation or something similar. ‘Glasses’ used to be the physical and classic thick black book ‘bible’ that dealers were always thumbing through, but it is now completely all online. ‘Glasses’ has been somewhat overtaken by CAP HPI which does everything. The yearly subscription to this is now close to £1,000. No, it’s not cheap but it is what you will ultimately need. Having said that, a copy of Parkers Used Car Guide (which you can still get in paperback form as well as online) would probably suffice initially.

There are also online car valuation tools available which you can purchase from a third party – which can certainly help but aren’t essential. That’s for you to choose.

What working knowledge do I need?

Your starting point would have to be to visit a number of car dealers, as well as independent specialists, and also some of the main franchise agents (of the car marques that you might be interested in working with), and get as many brochures as you can about the particular models, including options, colours and prices etc. If you can’t visit them, you can of course get all this information online as well.



This would then provide you with all the basic information you need about the products (the cars) you intend to be involved with.

It would also be very beneficial to work with some local dealers in your area so that you can build a personal business relationship with them as you build your own business.

You can operate your business on as few or as many hours per week as you are prepared or want to put in. But as we have already mentioned, the reality is of course that you get out what you put in! Learning about the products you intend to deal in is absolutely crucial because your ultimate 'goal' is to become an 'expert' in your particular field.

The time you are prepared (or can) put in is obviously up to the individual, and this will differ from person to person. But to be successful from a start-up position you would need to be able to put in several hours a week in order to source a particular car and then find a buyer for it. But once you understand how this business works and if you can make £250 or more on just one car, and source and sell on just one car per week, then that's not a bad income.

From your own personal perspective, there is nothing to stop you becoming successful in this business, but it will obviously take you longer than somebody else who already has a more in-depth knowledge of cars. It's therefore important that you do the research and preparation required so that you do know the questions to ask, both of the seller and the buyer.

Obviously, we have no idea how anybody sets themselves up or operates their business – but do your due-diligence and the rewards and success will come.

The very comprehensive Car Broker Business Manual that you will receive digitally (when you place your order) covers everything you need to understand about car broking, including:

- how to set yourself up,
- how to find sellers,
- the competition you might face,
- how to find the right cars,
- what makes the 'right' car,
- what questions to ask,
- what to be aware of,
- what are the best colours for example,
- when to 'walk away' from a particular car,
- how to find buyers,
- how to negotiate,
- how to deal with day-to-day issues,

There is a lot to understand about this business, as there is in any business, but the key thing is that you can start small and ease yourself into it, without having to put yourself under too much pressure initially.

Can you provide some more in-depth information?

The web site at www.autocarbrosers.co.uk goes into the principles of Car Broking in quite some detail.

You can also download some additional information at www.autocarbrosers.co.uk/additional-information/

What we have tried to do with this business is to provide you with as much detailed information as possible, regardless of whether you intend setting yourself up in business (as a car broker to the motor trade), or whether you just want to deal with the odd car now and again on a part time basis.

Look at this another way - perhaps you're not looking to run a business but would really just like to know a bit more about what's involved in buying and selling cars, either privately or through the trade, and how you can get more money for the car you're selling and pay less for the car you're buying!

But whatever you decide to do, the basic principles of how to achieve success are exactly the same because if you apply the same methodologies that we show you - for how to source the right cars and how to find buyers for those cars - then you will succeed.



Clearly of course, it should go without saying that you must have an interest in cars and be prepared to do quite a bit of research about the particular marques and models of cars that you want to focus on.

The fundamental concept of this business is all about identifying & sourcing cars from people not just looking to sell their cars, but who have to sell them - and then finding people who want to buy them.

There are thousands of used cars out there every day that are waiting to be sold by private owners, (with these owners often frustrated at not being able to find a private buyer), and yet there are dealers throughout the country who will often snap these up and pay you good money for helping them to find these cars.

From day one, your business can start to generate a rewarding and sustainable income, with little or no start-up costs and minimal on-going costs.

Dealers need to source cars every day for their business. It's their 'bread and butter'. But they can't do it all themselves and they will happily pay you money (your commission) to help them source the cars they need, either for stock or to fulfil customer's requirements.

And if you just want to learn how to source a couple of cars (now and again) - just for some extra income perhaps, then this can fit in with just what you'd like to do. And we can show you everything you need to do to achieve this!

This business is all about speaking on the telephone to private owners who wish to sell their vehicles, and dealers who wish to purchase them.

The key thing with car broking is that you don't have to invest any money in actually buying the cars you want to work with. All you are doing is looking for and sourcing particular cars, negotiating a 'sale' price with the owner and then finding a buyer for the car and negotiating a 'buy' price with them.

You're acting as the broker (or the middleman) in this transaction, and the difference between the price you have agreed with the seller, and the price you have agreed with the buyer is your commission.

Your income generated by brokering in this way can be anywhere between £250 - £500 per vehicle – and sometimes a lot more.

The absolute 'key' to this business is being able to agree the right 'sell' price with the seller and getting as low a price as possible. To do this this means identifying those people who have a 'need' to sell their car. They must sell their car (for any variety of reasons). Perhaps they're getting married, or there's a baby on the way. Maybe they're moving away or abroad. Perhaps they've been unfortunate enough to lose their job. Either way, there will always be a reason why they have to sell their car - and this means that they are going to be more likely to accept a lower figure for their car. This gives you the 'edge' when talking to and agreeing a 'sale' price with a dealer.

And we go into all of this in a lot of depth and show you exactly how to go about this!! How to find the right sellers, what to look for, what to walk away from, how to find buyers and much, much more.

You can work with prestige marques such as *Audi, Bentley, BMW, Jaguar, Mercedes, Porsche* etc. or the volume market such as *Ford, Honda, Toyota, Vauxhall* etc. but the choice is yours.

In fact, if you mix and match, taking two or three marques from the volume market (where there are more cars), and two or three from the prestige market (where the commissions can be slightly higher) then you're maximising your potential for success by spreading yourself across more than just one or two marques.

The **"Car Broker Business Package"** will show you exactly what you have to do and will provide you with a very detailed understanding of the marketplace and how to get your business up and running and profitable quickly and efficiently and with the minimum of effort.

We have also provided a wealth of information should you happen to be setting up in business for the first time, and how you should go about this.

We will show you how and where to find the information you're looking for to set up in business, either as a sole trader or as a Limited company, and what you have to do to get yourself set up.



Then, we begin the process of showing you how to build your business from scratch. How you get started, how you find the cars you would like to deal in, where you find your buyers and how you make this business work.

And finally, this is a business where you don't need a lot of money to get set up. It can be as little as you want because there are minimal start-up costs, you're not buying any cars or anything, and the only real ongoing cost each month is the telephone.

So, your risk is very small. Other than the purchase of the business package itself, you're not having to spend thousands of pounds more just to see if it's going to work or not, or whether you will like it or not!

How would I protect myself from the dealer cutting me out of the deal once I've spent the time and money sourcing the seller and negotiating the price?

First and foremost, this situation is very clearly explained in the Car Broker Business Manual, but essentially any dealer reneging on such a transaction in order to cut out the broker and not pay them their fee just would not happen.

The dealer is interested in purchasing this car that you have found (be it for stock or to fulfil a customer's order) so it's in their interest to complete the transaction in a professional manner. It's certainly not in their best interest to cut you out once they've got the car.

Word would get around quite quickly within the trade if any dealer acted in this manner and this would be very detrimental to their business. Also, that dealer would ultimately be banned from using various online websites where they might be looking at sourcing cars.

In all the years of being in this business, we have never heard of this situation ever happening.

Remember - dealers just don't have the time to find all the cars they need and that's why they're happy to pay a broker a commission to help them do this. So, dealers do need brokers and want to work with brokers who can help them to source good cars, because it's financially beneficial for them to do this.

Obviously, it's all about developing a relationship with the dealers you work with. Fundamentally from the outset, they need to understand if you have not seen the vehicle in question that you have sourced and that they are looking to purchase. If there is any doubt, then you need to make them aware of this right up front.

And then this comes way back to when you first found the car in question, and how you went through all the details of it with the owner including its overall condition, history, and authenticity. This we go into a great deal because it is the most important part of your work – ensuring that you have asked all the right questions, obtained a very, very detailed description of the car, and obtained as many digital photos as possible, both inside and out as well as the wheels and tyres – such that when you talk to the dealer about the car you are able to be as authoritative and informed about it as you possibly can be.

In the Car Broker Business Manual, we go through all the questions you should be asking, about everything – and as long as you follow what we show you, you will have done as much as you possibly can do to ensure that nothing goes wrong.

We've mentioned photos – but should ideally get the seller to send you as many digital pictures of the car that they can – and (if possible) a very short video of the car as well.

And the reason this is so important is that the first and only time that the dealer or his representative (driver perhaps) meets the owner and sees the car is when they arrive to collect and pay for it.

Naturally, they will expect the car's condition to be as you have described it. And 98% of the time it is. The owner is paid. The dealer takes away the car, you invoice the dealer for your commission, and they pay you. Normally within 7 to 15 days – but always (more often than not) dependent on the dealer's business terms..

And this is a successful deal!



Now, with that remaining 2% this is what sometimes happens, because we would be lying if we said that everything went 100% successfully all the time – and we only deal in the real world. Now and again, the owner may have forgotten about that scratch on the front valence, or they hadn't looked at the front tyres properly and noticed they were getting rather worn.

Of course, the dealer will see this when they inspect the car and will then call you to review and re-assess the overall deal.

Now we go into this at some length in the Car Broker Business Manual and how this situation is normally resolved, but it all comes down to having everything in writing – with both the owner and the dealer.

With the owner in particular, after you have contacted them and on all the subsequent paperwork leading up to the sale, you MUST confirm to them in writing that the figure you have agreed for the car is purely based on the description you have been given, and that if there is ANY discrepancy in the car's condition when the dealer (or their representative) arrives, then any 'sale' figure you have previously negotiated will have to be re-assessed.

And this way, because everything is in writing, the owner cannot get upset when they realise that their car has some faults which they hadn't spotted, and because they have a buyer standing in front of them waiting to take their car away, will typically be happy to accept a reduced figure for it just to see it go.

As we have said, all these eventualities and situations are all gone into in great detail in the Car Broker Business Manual, and we also provide templates for documents you need to send to both the owners and the dealers - so everything is done for you and without any doubt, we have covered just about every situation that can occur.

At the end of the day, it's all about protecting yourself, and also showing both the owner and the dealer that you act in a very professional and ethical manner at all times and do everything you possibly can to ensure that the whole transaction proceeds smoothly from everybody's point of view.

And finally, yes of course any dealer would rather not have to pay a broker their fee just to source cars for them, but they do understand and recognise that a broker is often better suited and often has far more time to find the sort of cars they're looking for and that's why they are ultimately quite happy to pay you a fee for doing this.

However, there will always be unscrupulous people out there who might try to make a quick buck by getting in on this business and trying to offload any kind of rubbish to the trade. They will quickly be found out and equally their name will spread around the motor trade as someone to be avoided at all costs.

What do I need to learn?

Your starting point would have to be to visit a number of car dealers, particularly the main franchise agents, of the car marques that you might be interested in working with, and get as many brochures as you can about the particular models, including options, colours and prices etc. If you can't find these in the dealership, get them online.

This would at least give you the basic information you need about the products (models) you intend to be involved with – but if you cannot do this, then most of what you need is available online.

It would also be beneficial to work with some local dealers in your area so that you can build a personal business relationship with them as you build your business.

Whilst you are there, see if you can introduce yourself to any of the principle buyers. But have some business cards produced beforehand which you can hand out. Don't make it seem as if you are just starting out but judge the situation for yourself and see if you can benefit from actually being in the dealership.

You can operate your business on as few or as many hours per week as you are prepared or want to put in. But the reality is of course that you get out what you put in! And learning about the products you intend to deal in is absolutely crucial as of course your intention is to become as 'expert' as possible in your particular field.

The time you are prepared (or can) put in is up to every individual of course, and this can be very subjective, but to be successful from a start-up position you would need to be able to put in several hours a week in order to source a particular car and find a buyer for it.



But once you understand how this business works and if you can make between £250 - £500 on just one car, and source and just sell on one car per week, that's not a bad income. Just be aware that (as we've said earlier), you get out what you put in – so don't expect immediate results. It takes time to get going.

From your own personal perspective, there is nothing to stop you becoming successful in this business, but it would just take you longer than somebody else who already has a more in-depth knowledge of cars. And you would need to be prepared to do this so that you know the questions to ask, both of the seller and the buyer.

There is a lot to understand about this business, as there is in any business, but the key thing is that you can start small and ease yourself into it, without having to put yourself under too much pressure initially.

Don't I need to see the cars to be sure the owner's description is what it "says on the tin"?

It would not be practical (or economical) to see all the cars you're dealing with as they could possibly be anywhere in the country. But once you understand the process you go through in getting a very accurate description from the owner about their car, then you will begin to see how your questioning of the seller allows you to obtain all the information you need.

Sometimes it can help to start by working on cars within a 50-mile radius of where you live so you can go and see the cars personally and this way you can build up a pattern of questioning and what you have to look out for on each and every car you're working on.

As we have already said, the very comprehensive **"Car Broker Business Package"** covers everything you need to understand about this business.

Obviously, it's also all about developing a relationship with the dealers you work with. And dealers do need brokers and want to work with brokers who can help them to source good quality (optimum) cars, because it's financially beneficial for them to do this.

Fundamentally from the outset, they should be made aware that you have not seen the vehicle in question that you have sourced and that they are looking to purchase. If there is any doubt, then you need to make them aware of this right up front.

In the Car Broker Business Manual we highlight all the questions you should be asking, about everything – and as long as you follow what we show you, as explained in detail above, then you will have done as much as you can to ensure that nothing goes wrong.

As we have already said, all of these eventualities are gone into in great deal in the manual, and we also provide templates for documents that you can send to both owners and dealers so everything is done for you and believe us, we have covered just about every situation that can occur.

If the deal goes through, who delivers the car from the seller to the dealer?

99% of the time, the dealer will arrange to have the car collected. This is the norm within the motor trade. Some buyers do it themselves, some dealers employ drivers, and others use car transport firms (and you often see car transporters carrying used cars around the country).

As we have described above, it is normally the dealer himself or his representative (their driver perhaps) who goes to inspect, pay for, and collect the car.

It is very, very rare for any dealer to say that they will not collect. If they ever do (and sometimes this may be because they are just so busy and all their drivers are already tied up), then they will ask if the owner can deliver it - if they pay their expenses and their train fare home for example.

If it's a private buyer – then they would (of course) arrange any collection directly with the seller.



What about me travelling around the country - inspecting the cars and having to deliver the cars?

The answer to this question is.... No! Unless of course it just so happens that the car in question is within easy travelling distance from your home. Then it would probably be beneficial to go and view it. But one of the 'key' principles behind this business is that you don't need to see the cars you're dealing with because we will show you all the questions you need to be asking and all the information you need to extract from the owners. And then how you confirm everything in writing (or rather by email).

Again, as we have already mentioned, ultimately the cars you deal with could be anywhere in the country, as could the dealers who want to buy them. If you live in London, and find a good car that's sitting in Bristol, and find a dealer in Manchester who wants to buy it, you can see how you travelling around the country would quickly become impractical.

Equally, it would be very, very rare for you to be asked to deliver a car. Indeed, if you ever are, then politely decline. It is not your responsibility and there could also be insurance issues.

There seems to be a number of risk variables with the seller of the vehicle to actually describe the car in detail to ascertain an offer price from its 'book' value. How often in % terms does a deal break down due to the mis-described detail or other reasons and the buyer turns away or offers lower price thereby reducing commission and credibility, and is this a common issue?

In our experience, a deal might break down once in every 20 to 25 deals. And this would happen, not because you haven't asked the right questions, or that the seller has deliberately tried to hide something; but more likely that they have genuinely missed something e.g. they didn't have the tyres properly checked, they missed that scratch on the paintwork or a 'kerbed' wheel, or they missed something in the service book.

That is why we go into so much detail with all the questions you should be asking about the car's condition, its history, and its authenticity. We cover everything you need to be asking, and if the seller has not got the answer to any question you've asked, then ensure that they go away and find it.

At the end of the day, if the buyer knows that you have done everything in a very professional, methodical, and ethical manner, even they appreciate and understand that things can sometimes go wrong.

Would a motivated or desperate seller not just trade in the car to a dealer for a better return and quick sale, or are the majority of sellers looking for cash sale?

Sometimes, but not always. Often a local dealer won't give them what they want for it, whereas you have potential access to hundreds (if not thousands) of dealers all over the country and a particular dealer you might find will happily travel across the country to collect it if it's specifically what they want.

You'll be surprised at how many people can't be bothered with the hassle of going to a local dealer or even several dealers. When you offer your services for free, and they realise that someone is going to come to them to collect the car, it's a lot less aggravation as far as they're concerned.

What you're doing is making their life simpler and easier in getting rid of their car and hoping to get them the best possible price for their car. You're offering a good service, **for FREE**, and this all helps them to accept a lower price for their car.

What you do need to do of course is to get to these sellers before they have taken (what may seem the simplest solution to them of course), which is the decision to just go with one of the 'We Buy Any Car' type websites, just to get rid of it quickly.

They know (or if not, they will quickly find out) that they will only be offered a 'rock bottom' price if they go down this route, because 90% of all cars sold this way go straight to auction sites to be sold on.

The 'We Buy Any Car' website for example is owned by British Car Auctions, so that tells you immediately where the car is going to end up.



Your challenge is to find and get to the seller before they're about to take this 'last resort' decision.

In starting out you mention it is advisable to create a Limited company status for credibility with the buyers etc. would this become a complicated issue with corporate tax PAYE tax and the need for an accountant to produce public records etc?

The decision is purely yours. Most buyers / dealers don't care whether you're a Limited company or a sole trader. As long as you know what you're doing and find them the right cars, that's all they care about. But credibility is all important – especially when negotiating with dealers.

You can always start out as a sole trader, and then you haven't got to worry about VAT etc. However, our recommendation is always to be VAT registered, and to do this sooner rather than later.

Is this business a numbers game to eventually source a good deal from the many enquiries made through the ads? What has been your experience of this as regards ROI?

All sales is a numbers game. It's about using your time sensibly to find the right owners with the right cars and focusing on them. Don't waste your time on people who aren't in a rush to sell or who are just 'testing' the market.

Remember - you're after people who HAVE to sell their car. They don't have an option. They need the cash, and quickly, but just cannot find a private buyer. This is now where you come in. If you're doing everything right, then 1 in 7 to 10 calls should result in finding a likely seller who fits the right profile. Always make sure that the very first question you ask is why they're selling the car. If they don't need to sell it quickly, make a note to call them back in 1 or 2 weeks and move on. Also, it's about developing a 'personal 'relationship' with the seller, making them realise that you do ultimately have their best interests at heart, you'll always try to get them the best possible price for their car. And of course, your service is completely free – they have absolutely nothing to pay – so what have they got to lose by using you?

When searching for deals would it be advisable to concentrate on prestige marques such as Mercedes, BMW, and Audi etc that allows a greater % of depreciation to build in a profit for the buyer if the seller is desperate?

It's often best to concentrate on 2 or 3 prestige makes as well as 2 or 3 high end volume makes as well. Bear in mind that expensive prestige makes can also depreciate much faster than you think. A BMW M3 for example will probably lose £10K in its first 12 months, and we have lost count of the number of such owners who cannot believe and indeed struggle to take on board just what their beloved car is actually worth after only 12 – 18 months of ownership. You will find that most people you talk to are amazed at the 'real' value of their car having taken the depreciation into account.

All cars depreciate, but certain prestige cars will typically depreciate much faster and this can be to your advantage of course - but it just means that sellers do have to appreciate just how much their car has lost in value. A bitter pill for many to swallow unfortunately!

Ringling up someone who's got their car privately up for sale. I can imagine if someone called me suggesting that they could arrange for the sale of my car - I'd think it was some kind of scam. Is this common? What's the best way of handling the initial conversation with a seller?

The most important thing is to put the seller at ease as quickly as possible, which is what we talk about in the manual. Lots of people get called by canvassing companies and we talk about these organisations in the manual. It is important to make the seller well aware that you're not one of these organisations, and that you're actually offering your services for free.

The general public will always be skeptical of anything that doesn't cost them money. “.... **Free, what do you mean free.....!!!!!!**” It's therefore a question of persevering and making them feel at ease with you.



You are not a canvassing company, and you offer a completely different service, as well as it being free! So, make sure that they understand this point. It is so important to your success.

It's about building your whole '**Personal Service**' as much as possible - so that you don't come across as just a nameless face of a website company, but someone who is offering a genuine, dedicated service – and someone who can help them.. right now.

So, talk about these canvassing companies openly so that the seller knows you're not trying to hide anything.

Also, it's important to email the seller after the call is finished, to confirm back to them about what you've discussed and confirming everything about their vehicle. We go through this in detail, but again it's about providing a professional service and demonstrating this to everyone you talk to.

All of this gradually builds the rapport between you and the seller and helps them to become more comfortable with you.

Another point is that these days it's very easy and very inexpensive to set up your own simple but very professional looking website, just to advertise who you are and what services you provide.

Once again, this will demonstrate that you are running a professional, ethical, and credible business.

What's the best order of approaching this? Do you get in contact with dealers so that you have an outlet for the cars to be sold to or speak to some sellers first so that you have a few cars to offer?

It's always good to have 'something up your sleeve', particularly when you speak to or meet with a dealer for the first time. This at least gives you something to discuss that might interest him. If you don't then the dealer may not be quite so keen to talk to you because they won't have any idea about what you're really able to offer them. Whereas if you have found a good car, they will want to talk to you.

But... it's still important to begin building your dealer network as quickly as possible – particularly in relation to the marques that you want to broker. Visit a number of dealers within a 25-30 mile radius of where you live (both main franchises and independents), just to introduce yourself and begin to develop a relationship.

Whilst you are there, see if you can introduce yourself to any of the principle buyers. But have some business cards produced beforehand which you can hand out. Tell them who you are, what you do and the service you are offering to them – but overall, just see how and where you can benefit from actually being in the dealership.

Just judge each and every situation for yourself.

Again, we talk about this in detail in Section 5 of the Car Broker Business Manual that you will receive with this package – but we do go into all of this **in depth** throughout our continual support to you.

If you have put your own website together (and this is very simple and cheap to do these days) then so much the better, because it will help to sell you and your services when you're not there.

Never forget – any website you develop is your 'invisible' salesperson – for when you're not there and cannot be face-to-face with any dealers or sellers.

It can promote your business and your services to such a wide audience – and will be worth its weight in gold!

But do talk to some sellers as well and get a couple of cars sorted that you could talk to a potential buyer about.

Most new business ventures can seem and sound daunting at first, but it does of course get much easier once you're doing it regularly and it all comes more naturally.



Does this business involve cold calling to sellers and buyers?

Cold calling to sellers, yes! Because you're looking for people who are advertising their cars for sale in newspapers, magazines but more than likely, online. So, you have to ring these people to find out about them and the car they have for sale.

Remember, you are offering a 'personal service' and you won't develop this by having a discussion over Facebook or other social media. Use the telephone!

Buyers will have to be cold called initially until your email database of contacts builds up and you begin to also use motor trade websites that will be available to you in order to 'advertise' the cars you have sourced and that are available. This then gets your available cars in front of several thousand dealers immediately.

Over time, you will be able to build up your own database of personal contacts within your own network whereby as you find each particular car, you will be able to advertise it to literally hundreds of potential buyers at the push of a button. As we have mentioned before – this is where networking puts you 'ahead of the game'!

Is it very hard to find an interested seller?

All selling is a numbers game! It doesn't matter what you're involved in. In this case, it's about using your time sensibly to find the right owners with the right cars and focusing on them. Don't waste your time on people who aren't in a rush to sell or who are just 'testing' the market.

You are after people who HAVE to sell their car. They don't have an option. They need the cash, and quickly, but just cannot find a private buyer. Equally they are also less inclined to use one of the many competitor websites such as "We Buy Any Car" etc. They just think they will get an absolute 'rock bottom' price if they go down this route. They will also incur additional costs that are not immediately apparent – such as inspection costs, which is all about driving down the 'original' price the seller was initially given via the website!

This is now where you come in. Ask them anyway. Ask them if they would prefer to deal with a real person rather than a faceless website. AND of course, your service to them is completely free. That is often what can swing this in your favour.

If you're doing everything right, then 1 in 7 to 10 calls (or less) should result in you finding a likely seller who fits the right profile. Always make sure that the very first question you ask is why they're selling the car. **If they're not interested at the moment or they don't need to sell it quickly**, they may be more reluctant to use your services at the moment. But you don't know unless you ask!

Do everything you can to capture their business as soon as possible. But keep them 'sweet'! Sell yourself, your services and how you can help them AND that you're not going to charge them anything – but don't pressure them! If you're still unsuccessful, then end the call in a professional manner and make a note to call them back in a few days and move on.

Should I specialise in one type of car?

No. We would suggest working with between four and six different manufacturers initially, perhaps with three prestige makes and three volume makes. But keep this flexible, as it's your choice at the end of the day. Remember that you have to get to know all the individual models, specifications, options, prices etc so there is quite a bit of information to research.

Always keep abreast of what's happening in the marketplace. Check out the SMMT website to see what new cars are selling as this undoubtedly influences the used car sector, and then work with dealers as your network expands and check out what's affecting both supply and demand.

Use all of this information to help you select which marques to work with – but bear in mind, flexibility is the key. You need to work with those marques that are going to offer the best return, both in availability and price.



And talking of price, bear in mind that expensive prestige makes can also depreciate much faster than their owners think. A BMW M3 for example will probably lose £10K in its first 12 months, and we have lost count of the number of such owners who cannot believe and indeed struggle to take on board just what their beloved car is actually worth after only 12 – 18 months of ownership.

You will find that most people you talk to are amazed at the 'real' value of their car having taken the depreciation into account.

Do I need to contact sellers through online sites, magazines, and newspapers etc?

Yes, as well as all the other mediums where people advertise their cars. Cold calling to sellers, yes this is important! Because you're looking for people who are advertising their cars for sale on the many websites available, as well as in newspapers and magazines. Some will advertise their car across a range of publications as well as several websites – car websites as well as social media websites such as Facebook and eBay.

So, you have to research all these advertising mediums and then ring these people to find out about them and the car they have for sale.

Surely people just walk into a dealership to offer their car for a purchase / deal?

You'd have thought so wouldn't you, but surprisingly, they don't! Many people just can't be bothered to take their car to a dealer because that only works if they are buying another car from that dealer.

In many cases, they're not – so they are still hoping to find a private buyer, but for the moment, can't.

And that's where a broker comes in. Offering to help them find a buyer, at no cost, without them even having to leave their front door.

How much would a seller be knocked down to have their car purchased by a dealership?

Possibly up to several thousand pounds! This is the crunch time! A seller knows that if they just take their car straight to a dealership, they will get knocked down on price. So, they will try to sell it privately first. But then just cannot find a buyer. And of course, the cost is racking up all the time doing it this way.

This is where a broker (you) comes into play.

The absolute 'key' to this business is being able to agree the right 'sell' price with the seller and getting as low a price as possible. And this means identifying those people who have a 'need' to sell their car. They must sell their car (for any variety of reasons) and this means that they are more likely to accept a lower figure for their car. This gives you the 'edge' when talking to and agreeing a 'buy' price with a dealer.

And because you are offering your services for free, and the seller has already become exasperated in not finding a private buyer, they have become more acceptable to working with you. And it means they do not have to lift a finger now. It's all done for them. The buyer will actually come to collect the car, so the seller hasn't even got to go anywhere to deliver it.

But first, you also need to 'knock out' the competition – all the various websites such as "We Buy Any Car" who offer their services to simplify the whole process for the seller. Simpler yes, but what they offer is absolutely rock-bottom prices.

And we go into all of this in a lot of depth in the Car Broker Business Manual and show you exactly how to go about this!! How to find the right sellers, what to look for, what to walk away from, how to find buyers and much, much more.



**How much money does someone need to start operating this business?
How much investment does it require?**

Once you have purchased this business then what else must you have to start operating this business? Let's explain what you'll need:

1. You will need to purchase the **"Car Broker Business Package"** first (see the website for the latest prices).
2. You need a telephone and a PC, and ideally with a broadband connection. The PC is required to allow you to access the numerous websites which will be of extensive benefit to you, as well of course as allowing you to maintain records of your activities.
3. You'll also need a printer of course, to print out various bits of the documentation you need.
4. Email will also be an essential tool of course. Dealers used to do everything by fax, but the world has moved on.
5. And as an absolute minimum, you will need to invest in purchasing a car buying guide like Parkers Car Guide each month which you can buy in any good newsagents (it's also online), but once you're up and running we do recommend you invest in the car dealer's 'bible' - Glasses Guide - which is now exclusively online. The subscription for this isn't cheap – and for a very good reason - to stop the general public from purchasing it.
6. Other online car valuation tools (like CAP HPI) – these are also available now and this is explained in detail in the manual. You can invest in this as your business grows.

And that's it. Other than stationery and bits and bobs, that's the sum total of your investment. Of course, if you want to do more, such as set up your own website, then that's fine – that's up to you of course.

The other investment is your time of course, and that's down to you as to whether you're looking to do this part-time or full-time initially. And how much you intend to 'make a go of it' and make it work for you. There is no substitute for hard work!

Do the vehicles being sourced by a broker need to be over a certain price range?

I am noting the profit margins that the dealers are making and obviously 10% of (let's say £5K) is only £500 profit for the dealer themselves, let alone the broker.

As a rule of thumb, a minimum value should be around £8,000 or so. Below this figure, and the dealer won't be making enough margin in order to generate a reasonable profit having paid you your commission. In the volume sector, the best moving cars are in the £8,000 to £15,000 price range. So, focus here.

In the prestige sector, this is really from £15,000 to £25,000 and upwards, with no maximum. In this sector, the key is making sellers appreciate that there are cars that are probably worth nothing like what they think they're worth. Depreciation, particularly in the current economic climate, is rampant – and can work to your advantage.

I recently took my car to a vehicle sourcing company and the owner running the business informed me that he would charge me £500 to sell the car on my behalf. Is this another side to the business?

Absolutely! This is where a potential seller has approached you first, rather than the other way around.

But whether you charge or not is up to you. It really depends on the situation, and each one will be different. You make the decision, based upon the needs of the seller who has come to you.

But it's probably more likely that the seller will entrust you to sell their car for them if you don't charge them for your services.

Either way - have some business cards made up and give them out to all your friends, work colleagues, put in shop windows, newsagents etc. Advertise your services locally. Push the fact that you can help them to sell their car for no charge whatsoever as this is an attractive offer that many don't like to pass up, particularly when it's so costly to advertise a car for sale these days.

If people need to sell their car, but can't find a private buyer, then it will probably surprise you just how many can't be bothered to trudge round dealers to see what they might be offered for it.



And they are not really that keen on using any of the many 'We'll Buy Your Car' or similar websites that offer to buy their car. They just think they will get an absolute 'rock bottom' price if they go down this route. And they're right!

So instead, they're prepared to try something else where they could possibly get a bit more for their car. And that's where you come in. After all, what have they got to lose? Your services are free! And if you've built up a bit of a relationship with the seller together with a level of trust, then 8 times out of ten, they would rather deal with you.

Also, there's another side of the coin to bear in mind in all of this. When you've done some business with dealers, and they know more about you, and the service you offer, and they trust you - then you will find that they start calling you and asking if you can find them 'such and such' a car, either for stock or possibly to help fulfil a customer's requirement because they just cannot find something suitable at the moment.

So, now you know what they want, and you can then go away and see if you can find it for them.

Now you have another side to your business - you just don't offer cars you've found to dealers, **THEY** come to **YOU!**

Don't car dealers, when not actually dealing with their own customers, just get on the phone and do precisely what you are offering... and if they do, where is my opportunity to earn commission?

You'd think they would, wouldn't you? Some dealers do call up private sellers themselves, but most don't – primarily because they just don't have the time or can't be bothered. They'd rather wait for punters to come in through the door.

As we explain in detail elsewhere, dealers will typically get their stock from:

- Trade-ins
- Auctions
- Other Dealers

But even these sources don't provide dealers with everything they're looking for or need. That's why there will always be a place in the market for brokers.

And just to remind you what we mentioned at the start of this FAQ document, the used car market is huge – everywhere. Over 2020/21 (the principal years of Covid), this was nearly 7 million per year – which equates to just over 19,000 units a day. And it's growing again in 2022.

So, this all helps you, the broker, to establish your business and build your own success.

I don't feel like I can honestly say to the seller that the price we have agreed is based "entirely" on the description of the overall condition of the vehicle - because the price is also based on the fact that I have to offer them a price that is around £500 less than what the dealership are offering. Is there a way I can rephrase this without ruining the sale?

There are several ways to approach this, but fundamentally it nearly always comes down to the relationship that you have managed to build between both you and the seller and you and the dealer.

Let's tackle dealers first.

As you build your network of dealer contacts around the country, they will obviously get to know you and you them. As that relationship grows, then as you do deals together it will always be the case of *"I'll scratch your back if you'll scratch mine"*.

It's about 'give and take' and the dealer knows that (now and again) to keep their side of the relationship going, they will have to lower their 'buy' price, particularly if you've found a car they really want and yet the seller won't reduce the price anymore.



So, in this instance, the dealer will take a slight 'hit' on the car (and by this I mean increasing the amount that they'll pay for the car - just so that they can still get it) knowing that you can still earn your commission. It may not be as much as you'd hoped for but at least you won't lose the sale. If they know you well enough, most dealers will always do this because that's how they work.

Let's tackle sellers now.

Again, it's about the relationship you are able to build with them, as you try to find a buyer for their car. They could have just traded it in or used one of the many car sales sites like We Buy Any Car.com (who are owned by British Car Auctions of course) and they will of course be charged for using any of these services whereas you are offering your service for free.

So, because they still haven't found a private buyer yet, but they still need to sell it quickly (presumably) but are still prepared to use you because you have built a good relationship with them, they understand that you have many contacts around the country and you will use your best endeavours to help them find a buyer at the best possible price - and all for free!

Now the seller (typically) thinks that's a cracking deal because a) it's free, b) they trust you and c) they believe that you have their best interests at heart, and you'll endeavour to get them the best possible price.

Now.... it may well transpire (ultimately) that the deal you've brokered doesn't actually give the seller the value they were hoping for. But this is where the build-up of trust and credibility comes into play.

You've been able to convince them that even with all your contacts, this is the best possible price - and if they don't decide now, then the price may well change.

At this point, what's the seller likely to do? Well they could still wait and hope to find a private buyer - but they were looking for a quick sale. They could still take it to the 'We Buy Any Car' or similar websites, where they know they will take it, but also charge them a fee (min £80) for the privilege.

Or..... if your relationship with the seller is as good as you believe it is, then 8 times out of 10 they will say "*.... ok, go on then, I'll let you have the sale....*". And a big part of that comes from their knowledge that you've put time and effort into this, to help them and have provided an excellent service – all for free.

So, a bit long winded, but hopefully this does all make sense!

Everything in the brokering business comes down to five simple words:

1. Relationships
2. Trust
3. Credibility
4. Belief and
5. Passion

We've talked about the first three. But 4 and 5 are equally important.

It's about having that belief in your own ability and what you're doing and that you're doing everything you can to deliver an optimum service to both sellers and buyers.

Passion... Well if we're not passionate about this then we shouldn't be doing it. Passion will come across in everything we do, no matter how we do it.

Passion is about delivering the right service for customers on both sides, both sellers and buyers.

And of course, being passionate about cars, because if we don't have that then we're DEFINITELY in the wrong job.

So, to re-phrase things with the seller – just explain what you're doing for them as we've explained above.



Is the seller even supposed to be aware that my commission could affect their sale price?

Fundamentally, it's about the level of the relationship you have with the seller as to how much detail you go down into with regard to your commission.

Often, sellers might ask "... Well, if you're not charging me anything for your services, how do you get paid? How do you earn your money?"

We would tend not to use the word 'commission' anywhere in a conversation with sellers but instead just say "... the dealer pays me for my services to help them find the cars they need, because very often they haven't got the time or the resources to do all this themselves..."

You shouldn't (ideally) give the seller the impression that your commission will affect the sale price. They may have worked that out for themselves, but your stance should always be just that you have worked hard with the dealer to negotiate the best possible 'buy' price for the vehicle.

If pushed, you could say something like "... and I've taken a (slight) 'hit' on the car, just to get you the best possible price so you can see the car gone, and quickly..."

However, you shouldn't give the seller the impression that how you get paid is reflected in what they're being offered for their car.

Far better to say (and only if you have to) that you work with this dealer and others across a whole range of cars, and not just this one, and that your fees are based on a particular formula between you and them.

What you're doing here is ensuring that the seller believes that they are not being singled out for any particular reason.

See how it works?

It's about being cagey, but also using a form of words that you will change depending on the type of relationship you have built up with each seller.

Only you can judge that, but psychology comes into it a great deal and you have to change your stance and the words you use in every different situation.

If I'm just starting out, haven't got many contacts yet, want to get a copy of Glass's Guide, but need a reference from within the motor trade – how do I do that?

Glass's (and others like CAP HPI) just want evidence that you are in the trade or going to trade.

If they (or any others) require a trade reference, then we would suggest going to your local garage where you have your car serviced, tell them what you're looking to do, and I'm sure they will act as a reference for you.

When you talk about initially focusing on (say) up to 3 prestige makes of car and up to 3 volume makes, do you mean focusing on the entire collection of say Mercedes and Ford models, or are you specifically talking about focusing on one model within the make, so only focusing on for example, the sales of Mercedes A Class and Ford Focuses?

You were right the first time. We are talking about the whole range of Mercedes or Ford or BMW for example. That's what we mean by make (or marque).

If we talk about a model, then it's a specific model... such as a Ford Focus, or a Mercedes 'A' class.

This means all models, past and present. You would typically be dealing in cars that are anything up to 5 to 6 years old. Sometimes older perhaps for popular models. So that's where your research comes into play, so that you know what you're dealing with and have a good appreciation of what's out there.



You should be able to get a lot of the information you need from the Internet as of course dealers only keep brochures of current models. Worth getting those as well though anyway.

What happens to the road tax when you sell your car – hasn't this all changed now?

The process for paying road tax when buying a used car in the UK changed in 2014, yet it still causes confusion among motorists today.

Before October 2014, a used car could be sold with any existing road tax (officially known as vehicle excise duty or VED) being carried over to the new owner. So, if you bought a car which still had three months of tax left, you didn't have to renew it for three months.

It was simple, straightforward and everybody understood how it worked. So obviously the DVLA decided to completely screw the whole thing up.

From October 2014, road tax no longer carries over when you buy or sell a used car. Instead, the new owner has to purchase road tax before taking possession of the vehicle from the previous owner.

Understandably, this creates more hassle for buyers, as you have to either go online or call the DVLA and pay road tax before you can drive off in your car – even though the previous owner has already paid road tax for the vehicle.

Because the DVLA is unable to cope with the 21st-century world we live in, it is only able to process road tax on a monthly or annual basis. So, if you buy a used car on the 15th of the month, you have to pay road tax for the whole month.

But the previous owner will not be refunded for road tax already paid for that month. Therefore, the DVLA has effectively double-taxed the vehicle for that month.

Even if you're giving your car to another family member at the same address, the tax won't carry over. Both buyer and seller have to tax the car for a full month each time a used car is sold or transferred.

More than eight million used cars are sold (and change hands) every year in the UK. Obviously not all of them are already taxed at time of purchase, but it still means that the DVLA is effectively the beneficiary here (to the tune of several million pounds a year) by double-taxing sold used cars for a month.

Road tax when selling a car: what do sellers need to do?

As cars cannot be sold with road tax anymore, any existing road tax will be cancelled as soon as the DVLA processes a seller's notification of the ownership being transferred.

Sellers should notify the DVLA immediately when they sell their car (or transfer ownership) to someone else. They will only receive a refund for any whole months of road tax outstanding, so if they sell their car on the first of the month then they still have to pay for that full month of road tax.

Unfortunately, the DVLA can't grasp the concept of billing by day rather than by month. Some would even consider it a 'rip-off'!

If a seller fails to notify the DVLA that they are no longer the registered keeper of the vehicle, they could be fined up to £1,000.

Will there be any hidden subscription charges either monthly or annually? i.e. HPI, Glasses guide, Dealer Auction.

There are a number of additional costs involved for sure, and we do refer to this in this FAQ document.

These will include HPI checks, Glasses Guide (obviously), and any auction costs (should you want to use auctions of course).



There are far more online valuation guides etc available today which of course just weren't around when I first started back in 2006, one of the best ones being CAP HPI - <https://www.cap-hpi.com/>

This isn't cheap – but you get what you pay for – and this tool alone can be absolutely invaluable to helping to understand the true value of any car.

This whole area, together with other simple online ways that you can check whether cars are taxed, MOT'd and insured are also all available now.

For sure, some of these aren't 100% essential – but they will make your life easier.

For example, do you really need Glasses Guide (what used to be the industry 'bible')? No, you don't. We recommend it, but someone could get by with something like Parkers Guide initially, and there are other areas online to use as well.

It just depends on what suits each individual case, and what people want to do and how they want to set up and run their business – both from the outset to get into it, and then as they get more involved, they will then need the right tools to give them that 'edge' when evaluating, discussing and negotiating car prices.

Would there be any additional training costs incurred, are there any trade associations that I would need to be registered for?

There are no additional training or support costs.

We don't charge any additional or annual support costs – that's all built into the initial price.

There are no specific trade associations that you would need to be registered for. The absolute key to success in this business is networking around the dealers across the country – so they get to know who you are, what you do, and how you can help them if they then come to you to help them source stock requirements or indeed particular customer requirements.

Would I need to get myself FCA compliant? Do I need any form of licence to be a broker?

In a word... no!

The reason for this is that you are not actually setting yourself up as a dealer. In our business model you are purely acting as a broker (or the *'middleman'*) in the transaction in that you are:

- Sourcing optimum cars from sellers, but just negotiating a *'sell'* price with them for their vehicle
- Negotiating a potential *'buy'* price with a dealer (or private individual) who is interested in purchasing that vehicle
- Bringing these two parties together to conclude the transaction
- Your commission (as paid by the buyer) is obviously the difference you have been able to negotiate between the *'sell'* price and the *'buy'* price.

So, because YOU are NOT actually buying or selling anything (with money changing hands) – you never actually own any of these vehicles.

Therefore, you do not need to be FCA compliant – as you are not a dealer.

Equally, you do not need a licence of any description to act as a broker!



How exactly should deal with both buyers and sellers when it comes to outstanding finance on their car, What would be my stance on that?

If there is outstanding finance on the seller's car, then you need to manage this in a variety of ways depending on each situation, and I'll try and explain the potential different scenarios as follows.

Always ask the seller if there is outstanding finance on the car - and of course you should always check this anyway by doing an HPI on the car.

If it turns out that there is O/S finance which is greater than the actual value of the car, then don't get involved. The seller has got themselves into a bit of a financial mess here. It can get complicated and is likely to get messy. My advice would be to walk away!

If the car is worth more than the finance outstanding, then the seller needs to understand that the buyer would be paying off the finance first, and then give any balance to the seller to conclude the transaction.

Obviously, the seller will want to ensure that any finance has been paid before they are prepared to release the car.

Equally, the buyer will want to inspect the car and ensure that it is "as described" before they initiate any transaction to clear the finance, and then pay any balance to the seller.

The good thing is that with the speed that modern financial transactions can take, this can all be done within a few minutes – so although the whole transaction will take longer than normal to complete, all parties are aware of what needs to be done, so time needs to be allowed for this.

This is also where the skill of the broker comes into play, where you make sure that all the relevant parties concerned know exactly what needs to be done, and when and by whom.

It's you who is controlling the event, and you need to ensure that everyone knows what they should be doing and that everything comes together.

Of course, the buyer can be either a private individual or a dealer. If it's a private individual, then it just needs to be managed more carefully to ensure that they are happy about clearing the finance first etc. If the buyer is a dealer, then they are used to this sort of transaction which involves the clearing of any finance.

Always remember that this is about the car. If it's a great car, in great condition, and is in demand – then buyers (whoever they are) will jump through whatever hoops they have to in order to obtain it.

Also, a follow on from the above would be the sort of documentation that I would need to provide both sellers/buyers with and at what stage?

We provide a host of documentation in the form of standard templates which you can use as they are, or use these templates to create your own, in your own style.

These templates include the following –

- Enquiry Form
- Intent to find a Buyer
- Sales Confirmation – Buyer
- Contract of Sale – Seller
- Invoice – To Buyer

The detailed 'Documentation Pack' which you would receive goes into all of the above in detail, and shows you what you need to do, what to send to who, and when.

The most important thing to remember is that because you (more often than not) never get to meet either seller or the buyer then putting and keeping documentary evidence of everything that is discussed between all the parties is absolutely critical.



After every conversation you have with everybody, re-confirm everything that was discussed by sending them an email. This way, everything is documented and there can be no issue at a later time, because everything is always confirmed in writing.

Remember, it's you who is in control – and controlling everything to do with the transaction.

If I don't offer finance for customers - would I still be able to refer them to someone in my connections for financing? How would we then agree any commission on that?

One of the 'key' things about this business is the building of a network of contacts or business associates, so that you can refer people to.

So my advice would be to open a discussion with two or three people / companies that provide vehicle financing, tell them who you are and what you do, and that you often deal with potential buyers who may require finance to purchase a vehicle that you have sourced for them.

And then, as you will potentially be bringing them business, you can discuss with them about what sort of commission they are prepared to give you for this.

This way, you now have ability to be able to offer 'finance' solutions to people, but through a third party. And... you're making money on this as well.

This is far better than having to say to people "... *No, sorry, but I don't offer finance packages...*" or something similar. It's all about providing a complete service to your customers – whether this is provided by you, or by someone else.

Does that mean the buyer (private individual) will have to contact the finance company to clear finance?

If it is a private individual who is buying the car, then they will not be able to clear the finance as it is in the seller's name.

In this situation, the seller must clear the finance himself so that the car can obviously be sold.

The broker's stance in this situation is to persuade the seller to clear the finance before the car is sold – as this just makes everything easier.

However, it may well be of course that the seller needs the cash from the sale in order to clear the finance. BUT... of course, equally the buyer will not want to take the car away until they have confirmation that the seller has cleared the finance.

In this instance, the broker needs to make it absolutely clear to all the parties involved that the transaction may take longer to complete because there are several stages to go through to make sure that everything completes ok.

SO.... It's about being aware of everything that needs to be done and managing and controlling the situation to everyone's satisfaction.

Clearly it would be much easier if the car is not on finance, but this does happen at times and it's important to know how to deal with it.

If it's a dealer who is buying the car, then this is easier because they are well used to buying cars that are still on finance and they are used to this scenario – and will work with the relevant finance company to ensure that the finance is cleared so that they can then pay the balance to the seller, and then take the car away.



What would be my position at this point/ would I need to assist with anything?

As has been previously mentioned, it's the brokers job to be aware of everything that needs to be done and managing and controlling the situation to everyone's satisfaction.

If there is finance involved, then it's about making it absolutely clear to both seller and buyer that the finance must be cleared before the car changes hands.

So, your position is really a mediator at this point – to see what's happening and assist if assistance is required by either party to help with anything.

Would I also introduce the seller to the buyer at the point of payment as the seller will have the question on how they will get paid from the initial point of contact? This will help reassure them and give them the confidence to work with me as I am giving them a straight answer.

You always keep both seller and buyer aware, by email, of what is going on at every stage bin the process. This way there is no ambiguity, no misunderstanding, and everybody is 'on the same page' as to what is happening, what is going to happen, and when.

The seller knows that they won't get paid for the car until the buyer, or the buyer's representative has turned up to inspect, test drive the car (possibly), and assuming that it is absolutely as described, then pay for it and take it away.

Now if it's a dealer that's buying the car, then they will often pay in different ways. This will be dependent on whether they are a small dealer, and independent specialist (for example), or a bigger dealer or part of a large network.

All with have different payment methodologies and you need to clarify what these are very early in discussions with them and confirm all of this with the seller very early in any discussions. Make sure that everyone is in agreement with what is going to happen and how the deal is to be transacted – and do this long before the buyer ever turns up.

The last thing you want is for there to be problems on the day, no matter what they might be.

The key here therefore is to plan everything meticulously beforehand and make sure that everything is covered to everyone's satisfaction – and at a very early stage.

This way there are no surprises, everyone knows what's going on and what's going to happen.

Most of the time the broker will never meet either the seller or buyer. In the instance of a finance deal being involved, would myself and the buyer always have to meet the seller? What if the seller is miles away? Would there be an alternative?

Whether there is finance involved or not, if the seller and the buyer are miles away there is no need for anyone to actually / physically meet up – the distance alone makes this impractical. However if either party are close by, then it makes sense for you to meet up as this will just make everything more personal.

Through all our years of trading, probably at least 90% of transactions would be with dealers, so that does make it easier in some respects.

One real benefit that has come out of the whole Covid pandemic is that so many more people now rely on and trust remote communications – so that this has almost become the norm in many situations. And this works in the broker's favour – when (more often than not) you will never meet either the seller or the buyer and everything to do with the transaction is handled remotely.



Do I need to get myself setup with the FCA in order to be officially regulated?

Yes – if you want to actually buy and sell cars or want to offer finance (for example) then you need to do this and be officially regulated. You don't need to do this at day one, but it really comes down to what services you want to be offering your customers, and what is going to 'add value' to your business.

At what point in the conversation should I discuss my commission with the buyer and the amount I should charge as I am aware private individuals/main dealer/independent specialists operate differently?

When you start your conversations with a potential buyer, you have already agreed a provisional 'sale' price with the seller. As an example, let's say this is £18,000.

Now, you know that you have to get the buyer to purchase the vehicle for more than £18,000 in order for you to earn a commission. So, the more that you can negotiate upwards with the buyer, the larger your commission will be.

So, if you are able to push the buyer to (say) £18,500, or maybe even £19,000 (because it's a desirable car), then your commission is going to be either £500 or £1,000.

Once you have agreed terms, you then send the buyer all the paperwork (Sales Confirmation – Buyer) and it's here that confirms to the buyer that he's paying £19,000 in total for the car. £18,000 to the seller for the car, and the remaining £1,000 is your commission, which you will invoice the buyer for at the completion of the transaction.

The buyer knows that an element of the purchase will be your commission. They just don't know how much until you provide them with all the paperwork. The buyer also knows of course that the next transaction you do together, your commission may be only £500, or perhaps only £250, because the car isn't quite as good. It's swings and roundabouts, and the buyer knows this.

As long as they're happy with what they've paid in total, then they know they will make their money when the car is sold on.

Does the commission have to be stated on the invoice?

The invoice you send to the buyer at the completion of the transaction is your commission.

For example, you've found a Ford Fiesta and agreed a price of £18,000 with the seller. You've also found a buyer who is happy to pay £19,000 for the car. The difference between the two is £1,000 (your commission) and it is this amount that you invoice the buyer for at the completion of the transaction. (Plus VAT of course if you are VAT registered).

The buyer is well aware of the commission you are making on this transaction, as this has been confirmed on the documentation they receive. (Sales Confirmation – Buyer).

If I were to set up as a LTD company, would I add the VAT on top of the agreed commission price? For example - £1,000 + vat @20%.

Yes you're right. In this instance you would just add the VAT element to your commission invoice, making the total £1,200.

Remember, you don't have to become VAT registered until your turnover reaches £85,000. But there are a lot of benefits in becoming VAT registered. It gives your business some status, and of course, you can reclaim the VAT on any purchases you make on behalf of your business.



Start-Up Costs for the Business - what would these typically be?

For your first year start-up costs, we typically tell people to budget for at least another £5K on top of the original business investment cost.

This is for all the incidental costs that you would typically incur - for example: marketing, a basic website, email address, stationery, business cards (and the like), pc and software costs, as well as trade pricing information such as CAP HPI, which is about £900 per year.

The most important thing to appreciate is that if you try to start this, or indeed any business, 'on the cheap' as it were, then the likelihood of it failing is all the higher.

First impressions and perception is everything, and you need to ensure that people who you are seeing or talking to, take away the right impression of you and your business. If this means spending money to create the right image for your business, then so be it.

What sort of website should I have, if any?

No.1 - make sure that the site is secure to start with. You can always check this by looking at the domain name in the top left hand corner on the screen, and there should be a green padlock showing - which would give the website a formal address of <https://mywebsite.com>.

If the site isn't secure, the site's address would be <http://mywebsite.com>. And this would be quite telling for anyone visiting your site.

If you're looking to have your own website, we would suggest that having just 5 or 6 pages, at least to begin with, would be more than sufficient.

You need something like the following:

- > Home page
- > Our services
- > Selling your car
- > Buying a car
- > Cars available
- > FAQ

This kind of format would allow you to clarify exactly how you operate, and what you're offering both sellers and buyers, and what the real benefits to them would be by using your services.

The 'Cars available' page would allow you to advertise what vehicles you have been able to source and that are looking for a potential buyer. And these of course would also have been advertised on other 3rd party websites as well.

The FAQ page is always beneficial and helpful because people are always asking questions about all sorts of things, and it can be very helpful to have many of these on a dedicated web page which you can then direct people to rather than have to repeat stuff over and over again to different people who are enquiring.

Your website should focus on what you can do for your customers. That's what they want to know. What service you can provide. What value you can add. What benefits you can deliver for them etc.

How do I ensure that I get paid?

On your point, about being paid... we can, hand on heart, say that we have never (in over 15 years) had a buyer or dealer renege on a deal and not pay us.

As soon as the transaction has been completed, you then send the buyer your invoice for the commission agreed.



If it's a dealer, it's not in their interest to not pay you. This would quickly get around other dealers and their name would be tarnished. It's just not in their interest to operate in this fashion and they never do.

If it's a private buyer, and again it's never happened to us (or any other broker to our knowledge), but if it should, then it would just be a case of managing the relationship as best you can, and as a very last resort then mention that you would have to resort to the small claims court. That would normally do the trick.

What sort of valuable advice would you give to begin building reputation as a broker (starting from scratch with no prior experience)?

As we have mentioned before, it's all about first impressions. Remember, when you're first starting out, no one knows who you are, what you do, or the service you provide. So it's about enthusing professionalism, honesty, and credibility.

Both sellers and buyers will expect you to be knowledgeable about everything to do with your business and about the particular vehicles you're dealing in. This is why your research and due diligence is so essential - and that you undertake this without fail.

When you first start building your marketing, this has to start with whatever name you have chosen for your business. And once you have chosen a name, you need to also ensure whether a domain name exists for the same, and also an email address. This is so important because this all gives your business credibility and looks good - thus creating the right impression.

For a website, you only need a one page website at the outset, which details who you are, what you do and the service you provide. This info will also be on your business cards that you have produced.

Once you have decided on the manufacturers you want to focus on, at least initially. Let's say that just one of these is BMW. Then, to get the ball rolling, it's about visiting all the BMW network dealerships within (say) a 30 mile radius of where you live. Introduce yourself to the sales manager, or possibly the used sales car manager - hand out some business cards and explain who you are, what you do and service you provide. Mention that, as a broker, if ever they need help to source a particular car (or cars), either for a particular customer or for stock, then you may be able to help - because that's the service you provide - for a commission of course.

And then you do the exact same thing for any other manufacturer's dealerships that you have selected. And then, you also visit any independent specialists you can find as well and give them the exact same message.

So this at least gets your initial marketing under way with people in your locality.

What particular issues/problems should I be aware of when starting up as a car broker dealing with both buyers and sellers?

Know your marketplace. Know your products (the cars you're dealing in). Do your research. Be knowledgeable. Be confident. Don't try to 'be something that you're not'! Don't try to pull the wool over anyone's eyes, because you'll be found out.

You have to be credible in what you're doing. That come with experience of course, but everyone has to start somewhere. It's about knowing your limitations at the outset and believing in your own ability to offer a great service to both sellers and buyers.

Make your first impressions count – as this is what they will remember and take away. If you're having stationery and business cards printed, make sure they look good. Time spent in getting all the small details right before you get going will pay dividends later as people get to know who you are, what you do and the service you provide.

Spend time building good relationships with sellers (if they have a great car available). Make them appreciate that your connections could help them to find a buyer very quickly, and at no cost to them. Make them feel happy and secure that you have their best interests at heart, and that you will use your best endeavours to find them a buyer quickly and efficiently. Always say that you will strive to obtain the best possible price – but inwardly you know (of course) that ultimately you will try to get them to accept the lowest possible price, particularly if you have been able



to find a potential buyer quickly. Every seller will be different, and so you will have to approach each, and every seller differently and perhaps employ a different tactic to get them 'on side' with you.

Always remember, if a seller is difficult or reluctant to give you the information you're looking for or doesn't do what you ask – then walk away. It's not worth the hassle, and your instincts will soon tell you when something is not right.

Buyers can equally be easy or sometimes difficult – often depending on what sort of day they're having. For you, it's about cultivating good relationships with dealers, because you will often tend to deal with the same ones over and over again.

Always be very open and honest with buyers – make sure you understand exactly what their requirements are, what their potential budget is and what timescales they're working to.

Would social media platforms help in finding buyers and sellers?

Yes they would, particularly with the use of Twitter and Facebook. These platforms can certainly help you market your business and reach out to a wide audience a relatively cheap cost.

How would I base my decision on what brand manufacturer I should focus on to begin with?

The essence of this business (just like so many others) is supply and demand. What's moving? What's selling? What's in demand?

Just don't try to be "all things to all men" at the start. You'll just come unstuck otherwise - and that's the last thing you'd want.

The motor trade is split into two sectors - volume and prestige. The volume sector is comprised of manufacturers like Ford, Honda, Nissan, Skoda, Toyota, Vauxhall etc; and the prestige sector is comprised of manufacturers like Audi, Bentley, BMW, Ferrari, Jaguar Land Rover, Mercedes, Porsche etc.

I always suggest picking 3 or 4 from each sector and focusing on those to begin with. And for each manufacturer you've selected, you then need to identify and get to know all the models they have had in their range, going back over the last 10 years or so - and that's the research you need to do.

Once your business gets established you may want to focus your business on a particular niche area - something like classic cars for example. But this is something that's totally down to you at the end of the day. It just depends on where you want to take your business.

As I would be dealing with Used cars, is there much I'd need to know about VAT qualifying cars to start with as many dealers/independent specialist may have those VAT qualifying cars available.

A VAT Qualifying Car is a car that has previously been owned by a business or is a brand-new car from a main franchiser. A VAT Registered individual or company buying the car solely for business use or for export outside of the EU can reclaim the VAT from the purchase price.

Why do some used cars have VAT? Well, some dealers charge VAT only on the profit they make on the sale of the car. This is known as the second-hand margin scheme, used by most car dealers. Alternatively, they can charge VAT on the total transaction cost - that is the second-hand selling price achieved. It depends on how they choose to keep their records.

It would however be very unusual for you to get involved with VAT qualifying cars.



What would be my stance if the seller proceeds to sell the car at any point during our deal making to someone else? (That may well make me look bad in the buyer's eyes)

Well, we would be lying if we said that this could never happen. It obviously can, but it's never happened to us in over 16 years of trading.

To ensure this doesn't happen, so much depends on the relationship you are able to build with the seller right from the outset. Sounds easy we know, but as you get more experienced, it does become easier.

This is another reason why your documentation and paperwork is so important – because this helps to 'cement' the relationship you are building with the seller, and once they realise that they need to sign something, then they are less likely to sell the car to someone else.

Right from the off when you find a car and start talking to a seller, if they are hesitant, or don't like answering too many questions, or you get too many 'don't knows' to questions you're asking, then you will gradually get a feeling that something isn't right. Always go with your instincts – and if something doesn't feel or sound right, then just walk away! It's just not worth the effort or the aggravation of trying to convince somebody that you're trying to help them.

But... if this did ever happen to you, all you can do is to take it on the chin. Apologise profusely to the buyer (if you've already found one), be honest with them and explain the situation. Yes, they might be annoyed and frustrated – but they would rather you be straight with them and be open and honest. These things happen in the motor trade. So give your apologies, and re-double your efforts to find another car.

Private sellers do have very high expectations most of the time on their car even though it may not be worth what they think it is and also to do with the overall service. What advice would you give on how to do with pricing, special requests and generally anything that you would say is worth knowing?

Everybody believes that their 'pride and joy' sitting on the driveway or in the street is worth far more than it actually is... but sometimes convincing sellers this is not always easy. This is why building that 'special' relationship with them is so important. Also, it's about knowing and understanding why they're selling their car in the first place. Because if there is a genuine reason for why they're selling, and that they ideally want to sell quickly, then this all helps you to work with them to negotiate a far more realistic price for the car that they are going to be happy to accept.

As with so many things, psychology will play a very important part in your dealings with both sellers and buyers – weighing up each individual situation and first and foremost, ensuring that people are comfortable in dealing with you because you come across as solid, professional, and credible. In that way, they will typically be happy to work with you and put business your way.

Would the above mentioned also be the case for a finance buyer as well as for a cash buyer? For example, would I only get a commission percentage from (my connection) the finance lender who is providing the finance or will the buyer also pay me the commission that I have negotiated within the price separately?

If there is finance involved – that has no bearing whatsoever on your commission. You have agreed a sale price with the seller and a buy price with the buyer – and the difference between the two is your commission. And nothing alters this. If there is any finance involved that is completely separate and nothing to do with you. You may help in all the discussions and helping to agree everything – but your commission is your commission, and nothing will affect that.

I have thought about potentially starting my new business part-time so that I keep financial stress to the minimum. However, how would the business run on a part-time bases and what differences would I have to consider when operating part-time?

When people ask about the full-time / part-time way of working scenario, our response is always the same.



Indeed, we always say the same thing to everyone we speak to – if you're currently working and earning an income, then don't give up the day job – start any new venture (including this) part-time.

And the reason is this. Why do so many new businesses fail within the first year? Cash flow – that's why!

If you start your new business venture full-time, you are immediately putting yourself under a lot of needless financial pressure with no income coming in (at least not as quick as you would like), but with expenses still going out.

Why do that if you don't really have to?

Now... if you're starting your new business part-time you obviously cannot commit as much time as you would ideally like to this, but you do have the evenings and weekends – and that's how you have to look at it and what you have to do.

As the outset, there is so much you have to do with regard to getting your business set up and starting to contact people, let alone all the research you need to do as part of your due diligence.

However, this can easily be done in the evenings and at weekends. Ok, you won't have much free time, and yes, you'll get more tired.

But this is what comes with the setting up of any new business. It's hard work, it's time consuming and it's tiring. And yet it's so much easier to cope with these additional restrictions when you're not putting yourself under all that financial pressure to succeed as well.

What are the positives? Well, the great thing about the motor trade is that it's a 24/7 industry.

When you're ready to start visiting local dealerships in your area, to introduce yourself and your services to them, you can do this any day of the week – and they're all open at weekends.

And when you also start looking to source cars, you'll often find that sellers are easier to get hold of in the evenings or at weekends anyway, and certainly they have more time to talk to you than often during the day.

So, in many ways, starting your business like this has so many benefits – and you can control everything at your own pace. You dictate the hours you're going to put in, and when.

What's the downside of starting your new business venture part-time? There's only one really. And that is simply that it will obviously take you longer to get everything up and running and to start doing business.

But if you're in this for the 'long haul' because it's really what you want to do, then taking that bit longer to achieve the success you're striving for won't really matter in the long run.

You'll still get to where you want to be – but with the added bonus being that you've protected yourself, your family and your business financially and not put yourself, or your family, under unnecessary financial pressure.

If I do start my business part-time, how should I work with clients and ensure that I deliver my service as quickly and efficiently as possible (e.g. sending invoices / paperwork) in the late evenings and over the weekend. Would that be much of a problem?

You will normally find that whilst you will want to give your clients a speedy service at all times, taking care of all the key documentation and paperwork etc can easily be done in the evenings and at weekends.

It's all about getting into a work pattern that fits your other workload and which you're ultimately comfortable with.

Sometimes this takes a little working out but it's also about being in the right frame of mind about how you're approaching everything. And if you need to speak to anybody during your normal working day, it's about arranging a time that's both suitable and that fits in with your availability.



Maybe if it's an important call, then you arrange it for during your lunch break or something similar. But you will find that most people are generally accommodating and will fit into your schedule.

As we have said before... it's often a bit 'trial and error' to begin with, until you find a pattern of work that suits you best.

How would I go about ensuring that my client doesn't give up on me because I am taking too long to get back to them when they want during working hours?

If you have developed the right business relationship with both sellers and buyers, they won't give up on you because you have spent time in cultivating those relationships - they like you, they believe in what you are saying to them; and most importantly, they trust you.

Time spent getting all that right pays enormous dividends further on, particularly if you have to wait until the evenings or whenever to make contact and perhaps negotiate something with them.

And with sellers in particular, always start a conversation by saying something like *"..... Hello xxxxxx, is this a good time to talk? I only need a few minutes of your time, but if it's not convenient at the moment, I'm happy to call back at a time that's better for you...."*. Or something similar to that.

For all you know, they might have just sat down to dinner, or just started watching their favourite TV programme or something. Never assume that they are ok about speaking to you at the time that you call. Therefore, always be polite and put them on the backfoot right from the start by almost apologising for calling them, and rather than just launching into what you really want to say, put them immediately at ease by offering to call back at a more convenient time.

And never, ever, start off a conversation by saying something like *".... Hello xxxxx, are you having a good day? Or, Hello xxxx, have you had a good day?....."*.

Car Delivery – How do cars get collected? Who's responsibility is that?

98% of the time, dealers will always arrange to have the car collected that you have sourced for them. It could be an individual from the dealership, it could be the dealer principal themselves (particularly if it's a small independent dealer) – but normally it would be either one of the dealer's drivers, or a car collection company who will use a trailer or a transporter of some kind.

Either way, if they come in person or indeed send a driver, then they would prefer to do this because it then gives them a chance to inspect the car thoroughly before finally handing over their cheque / draft, cash, electronic transfer or whatever payment means has been agreed etc.

If the dealer is using a car collection company (for ease) then in these cases the car obviously will not be inspected until it arrives back at the dealership.

But, if the dealer (for one reason or another) wants to have the car delivered, then you need to see if the dealer will pay some of the costs involved here, and at least pay the seller's train fare home – or something similar.

Bear in mind that if the seller delivers their car, the dealer is saving money because he's not having to pay a driver to collect the vehicle, and therefore he will be making a saving. In this case he should have no issue with paying the seller's expenses to get home again.

It may well be that if the dealer has not dealt with you before, he won't want to incur any unnecessary expenses by collecting the car, particularly if the car is not as described.

It's all about covering all aspects of the sale and ensuring that everyone is happy with the outcome – and that's your job.



If the seller has to deliver the car to the dealer, he may be unhappy if the distance he has to go is a couple of hundred miles (or more) for example. That's understandable, but normally he will be happy to do this if 1) he's going to have his train fare home paid, and 2) if he doesn't deliver then he might lose the sale.

As the broker, what you need to do is to ensure that everyone is happy with the arrangements.

Make sure that you have done your job as professionally as possible, and that the car is described accurately in terms of its condition etc. This will ensure that the sale proceeds smoothly and everyone is happy.

This is why confirming everything with all the parties beforehand, and ensuring that everything is in writing, with all the required documentation, is so important. And is precisely why the seller categorically needs to appreciate that if they have missed anything about the overall condition of the vehicle, then this will undoubtedly be picked up when the vehicle is inspected – and if there is a problem at all, then this may well affect the overall price that the dealer is prepared to pay.

I am looking for clarification on how I would explain the commission fee to a potential buyer. Should I say something like "... a sourcing fee is calculated as a percentage of the price of the vehicle, and this is determined once the transaction is concluded..."?

No! Your commission from the buyer is not based on a percentage of the price of the vehicle. It's dependent on the difference between what you have negotiated as a 'sell' price with the seller, and what you have negotiated as a 'buy' price with the buyer.

For example:

- Sell price - £20,000
- Buy price - £20,500
- Commission - £500

From the seller's point of view – all you are doing with them is negotiating the lowest price that they are happy to accept for their car.

From the buyer's point of view – all you are doing with them is negotiating with them the highest price that they are happy to pay for the car.

This is the skill of the broker – in negotiating both 'sell' and 'buy' prices that all parties are happy with - and in the knowledge that the bigger the difference between the two, then the more commission you will make.

Seller

You don't need to explain any of this to the seller, indeed you wouldn't. All they need to understand is that you're not charging anything for your services – but you know that it's really your job to drive the best bargain by getting the seller to accept the lowest possible price for their car. And this will be easier to do if they have a definitive reason for why they are selling their car in the first place, and that they have to sell it quickly. In this instance, they are far more likely to accept a lower price for their car because they need to see it gone. That's just human nature.

Buyer

As far as the buyer is concerned, if they are interested in the vehicle, you need to quickly establish what the best price is that they are prepared to pay for the vehicle. If it's in high demand, or they already have a potential customer lined up for it, then they are probably more open to paying a higher price for it. You already know what the seller will accept as their 'bottom line' for the car, so you know that anything above this will determine the amount of your commission. It may be as low as £250 or £500, or it may be several £K's, it all depends on the vehicle, its condition, its specification, its availability, and a host of other things.

Once you have agreed a price with the buyer, you can then immediately send him some draft documentation which lays out the whole transaction, and this details what they will be paying for the car (in total), and how this is split between what they will be paying the seller of the car, and the balance, which is your commission.



It's at this point that they will realise how much commission you are earning, but that won't 'phase' them. Sometimes you will have negotiated an excellent deal, other times it will be very small. But, as long as they are happy with the overall price that they are paying, then that's all that matters. They all recognise that it's all 'swings and roundabouts'. One deal will work in your favour, then next will work in theirs. That's the nature of the business.

As I would have to deliver this message to the buyer so that they are aware on how I would make my earnings but yet explain to a seller that I won't be charging them for the service. It's finding the balance specifically if I had to put that information on a website.

You don't need to explain any of this on your website. All you really need on there is that you don't charge sellers a fee. Your services to them are completely free of charge. That's the message you need to get across.

Any buyer / dealer will implicitly know that any price you agree with them will include your commission. They just won't know how much it is until you produce all the paperwork. Should a dealer think your commission is too high on a certain deal, then they will just recognise that your negotiation skills are good and they'll make a mental note to try a drive a harder bargain next time.

But this is the motor trade. It's all about doing deals. And they're all different. That's what makes it fun and exciting – doing deals. Looking for the next one, and not getting despondent if you're last deal was better than this one. As long as you're making money, that's fine. You just keep looking for the 'good' deals all the time. That's the skill of the broker and what a broker is all about.

Just remember the basic principles of car broking...

SELLERS - They want to sell their car and get the best possible price for it. But (in reality) you want to find people who NEED to sell their car, and QUICKLY. In this instance, you ideally want them to accept the lowest possible price for their car, particularly if you can find a buyer quickly.

Your skill will be in your marketing techniques which will emphasize the fact that you can help people to find a buyer quickly for their car and at the best possible price... but only you will know (in reality) that whilst you will find them a buyer for their car, your skill will be to actually negotiate them down to the lowest possible price that they are happy accept.

BUYERS - They will want to purchase this car because there is a demand for it - it's the right model, right spec, right colour etc, but they will still want to buy it at the lowest possible price.

This is where the skill of the broker comes into play - being able to negotiate the lowest possible price that the seller will accept, and the highest possible price that the buyer would be prepared to pay.

The difference between the two is your commission - and it could be a few hundred pounds, or a few thousand pounds. Every transaction will be different. But so many factors go into the mix here. It's all about finding the right cars here, and then building the right relationships with both sellers and buyers.





SUMMARY

The 'New Car Market' most certainly suffered during the period of 2008 - 2010 and continues to go through peaks and troughs as it caters for the consequential dips in supply and demand, but the Used Car sector in particular has always remained very resilient.

Today, the used car market is as robust as it ever was... and considerably more so in many ways... with many opportunities for the business entrepreneur.

As we have outlined on Page 6, the numbers of used car sales have remained particularly resilient over the last few years (even with Covid), but the market has remained 'bullish' none the less.

So, year on year, regardless of what's happening around the country, used cars still sell, and people and dealers still buy used cars.

You can operate your business on as few or as many hours per week as you are prepared or want to put in. But the reality is of course that you get out what you put in! And learning about the products you intend to deal in is absolutely crucial as of course your intention is to become as 'expert' as possible in your particular field.

The time you are prepared (or can) put in is up to the individual of course, and this can be very subjective, but to be successful from a start-up position you would need to be able to put in several hours a week in order to source a particular car and find a buyer for it. But once you understand how this business works and if you can make £250 - £500 on just one car, and source and just sell on one car per week, then that's not a bad income. Just be aware that (as I've said earlier), you get out what you put in – so don't expect immediate results. It takes time to get going.

To repeat what we have said before, there are unfortunately no guarantees in life. Clearly, we don't always know how anybody sets themselves up or operates their business. But it can be very successful and rewarding.

And to help you, our many years of experience, knowledge and expertise of the used car sector has gone into the development of this **"Car Broker Business Package"** that you are looking at investing in here.

There is a lot to understand about this business, as there is in any business, but the key thing is that you can start small and ease yourself into it, without having to put yourself under too much pressure initially.

This document has already answered a lot of questions posed by many people. Hopefully it may also have answered some questions you already had... or were about to ask. However, if you have any other questions, or if there is anything further you need to ask in order to help you decide, then please contact us and we will respond as quickly as possible.



Auto Car Brokers
Driven To Success

Tel: 07795 107418

e: info@autocarbrokers.co.uk / w: www.autocarbrokers.co.uk

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