FREEDOM
FOR FOUNDERS

CASE STUDY · SELLING A FRANCHISE

How a franchise owner sold their business after the first buyer withdrew.

A structured, confidential sale recovered when the first buyer walked away, and closed with most of the price paid on closing day.

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AT A GLANCE

The seller	The owner of an established franchised service business, advised by Freedom for Founders
The sale	The owner sold their shares in the company
The process	A structured, confidential sale that continued after the first buyer withdrew
How it was paid	Most of the price on closing day, with a small part paid during the handover
The result	The sale closed

THE SITUATION

A healthy business, ready for a new owner.

The business had operated under a franchise brand for many years. It was profitable, kept its costs low, and had a capable team and loyal clients.

The owner had decided it was time to sell. The goal was a clear, well-supported value and a properly run sale that would not unsettle the team or the clients.

THE CHALLENGE

Three things a buyer would look at closely.

The franchisor's rules. In a franchise sale, the franchisor, the company that owns the brand, usually has to approve the buyer. Its agreement can also limit how a buyer pays for the business. Those rules decide who can buy, and how, before any offer is made.

Keeping revenue through the handover. A buyer paying mostly cash up front needs confidence that the revenue it is paying for will still be there after closing.

The location. When a lease is close to ending, a buyer wants certainty about the premises before committing.

> *In a franchise sale, a third party is at the table. The franchisor's rules shape the deal before any buyer makes an offer.*

THE PROCESS

How the sale was run.

The numbers came first. Freedom for Founders prepared several years of financial statements and adjusted them to show what the business really earned, setting aside personal and optional spending by the owner. That became the basis for the valuation and the asking price.

The business was marketed quietly. Serious buyers received a detailed information package only after signing a confidentiality agreement. The public listing did not name the business.

Buyers were kept on one timeline. Instead of taking offers one at a time, the sale set a single deadline for early written offers. Qualified buyers then went through the franchisor's approval steps on a clear schedule, before the chosen buyer signed a letter of intent, a signed outline of the main deal terms.

The first buyer withdrew. A letter of intent was signed, but the buyer pulled out before a purchase agreement was in place. The sale returned to the other interested buyers.

The next buyer moved faster. The financial work, the information package and the files for the buyer's checks already existed, so a new buyer could reach a decision quickly. A letter of intent was followed by the buyer's full review, known as due diligence, a signed purchase agreement and a smooth closing.

When the first buyer walked away, the work already done meant the next buyer could move quickly.

THE STRUCTURE

How the price was paid.

Most of the price was paid in cash on closing day. A small part was paid later, to cover the one real risk: keeping the business steady through the handover.

- **Most of the price on closing day.** The large majority was paid when the sale closed.
- **A small part during the handover.** This part depended on the business reaching a target it was already meeting. The buyer was protected, and the seller was not relying on uncertain future results.
- **Standard protections.** The price was adjusted at closing for working capital, the cash and short-term bills needed to run the business day to day. The sale could only close once the premises were secured and key staff had agreed to stay, so daily operations carried on.

Only a small part of the price depended on what happened after closing, and it was tied to the one risk a buyer could not check in advance.

THE RESULT

The sale closed.

The business sold, with most of the price paid on closing day. The team stayed in place, clients were served without interruption, and the owner moved on to what came next.

The first buyer is part of this story. Losing a signed letter of intent cost time, but it did not cost the sale. Because the preparation had been done at the start, the deal could be rebuilt rather than restarted.

LESSONS FOR FRANCHISE OWNERS

Five takeaways from this sale.

- **The franchise agreement comes before the price.** Approval rights and limits on how buyers can pay decide who can buy, and how.
- **The handover needs a plan.** Where some revenue depends on the owner, buyers often tie a small part of the price to it. That part works best when it is small and set at a level the business already reaches.
- **The premises should be secured early.** A lease near the end of its term usually becomes a condition of closing. The conversation with the landlord is best started before buyers arrive.
- **A process works better than one conversation.** A single deadline for offers keeps buyers on the same timeline and gives the seller a real choice.
- **Preparation can be used twice.** Adjusted financial statements, a full information package and organized files are what let a sale survive a buyer walking away.

ABOUT THIS CASE STUDY

This case study is based on a real sale. Names, places and numbers have been left out, and some details changed, so that no one involved can be identified. It is general information, not legal, tax or financial advice. Every business and every sale is different, and past results do not guarantee future ones.

Questions about selling a franchise business can be sent to the Freedom for Founders team at **freedomforfounders.com/contact**.

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