



## CASE STUDY · SELLING A FRANCHISE

# A strong price, mostly in cash, after the first buyer walked away.

How a franchise owner sold their business through a structured, confidential process, and what other franchise owners can take from it.

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### AT A GLANCE

|                    |                                                                               |
|--------------------|-------------------------------------------------------------------------------|
| <b>Business</b>    | An established franchised service business                                    |
| <b>Transaction</b> | Share sale                                                                    |
| <b>Outcome</b>     | A strong price, with most of it paid at closing                               |
| <b>Process</b>     | A structured, confidential sale that recovered after the first buyer withdrew |

This is a real sale we handled. We've changed the details to protect our client's privacy.

## PART ONE · THE SITUATION

# A healthy business, ready for a new owner.

The business had operated under a franchise brand for many years. It was profitable, ran on a lean cost base, and had a capable team and loyal clients.

The owner had decided it was time to sell. The goal was simple: a clear, defensible value and a sale run properly, without unsettling the team or the clients they served.

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## PART TWO · THE CHALLENGE

# Three things a buyer would worry about.

**The franchisor sets the rules.** In a franchise sale, the franchisor usually approves the buyer, and its agreement can limit how a sale is financed. Those rules decide who can buy and how they can pay, before any offer is made.

**Revenue has to carry through the transition.** A buyer paying mostly cash up front needs confidence that the revenue they are paying for will still be there after closing.

**The premises need to be secure.** If a lease is close to the end of its term, a buyer will want certainty about the location before they commit.

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

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## PART THREE · THE PROCESS

# How the sale was run.

**We rebuilt the numbers first.** We prepared a multi-year financial overview and normalized it, removing discretionary owner expenses so buyers could see what the business really earns. That became

the basis of the valuation and the asking price.

**We marketed it confidentially.** Qualified buyers received a confidential information memorandum under a non-disclosure agreement. The public listing did not identify the business.

**We ran a structured process.** Instead of taking offers one at a time, we set a single deadline for expressions of interest. Qualified buyers then moved through the franchisor's approval steps on a clear timeline before the chosen buyer signed a letter of intent.

**The first buyer withdrew.** A letter of intent was signed, but the buyer withdrew before a purchase agreement was in place. We went back to the buyer pool.

**The next buyer moved faster.** Because the financial work, the memorandum and the diligence files already existed, a new buyer could reach a decision quickly. A letter of intent was followed by full due diligence, a signed purchase agreement and a clean closing.

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

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#### PART FOUR · THE STRUCTURE

## How the price was paid.

The structure kept most of the price in cash at closing and used a small deferred balance to handle the one real risk, continuity through the handover.

**Most of the price at closing.** The large majority was paid on closing day.

**A small balance during the transition.** Part of it depended on a transition target set at a level the business already supported, so the buyer was protected and the seller was not betting on uncertain results.

**Standard protections.** The price adjusted for working capital at closing, and closing depended on securing the premises and keeping key staff in place so day-to-day operations carried on.

*Only a small part of the price depended on anything after closing, and that part was tied to the one risk a buyer could not diligence away.*

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#### PART FIVE • THE OUTCOME

## A strong price, mostly in cash.

The business sold for a strong price, with most of it paid on closing day. The team stayed in place, clients were served without interruption, and the seller moved on to what comes next.

The honest version of this story includes the first buyer. Losing a signed letter of intent cost time. What it did not cost was the sale. The preparation done at the start meant the deal could be rebuilt rather than restarted.

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#### PART SIX • LESSONS

## What franchise owners can take from this.

- **Read your franchise agreement before you set a price.** Approval rights and limits on financing decide who can buy and how they can pay.
  - **Plan for the transition.** If some revenue depends on you, expect a buyer to tie a small part of the price to it. Keep that part small and set it at a level you can already show.
  - **Secure the premises early.** A lease near the end of its term will become a closing condition. Start the landlord conversation before buyers arrive.
  - **Run a process, not a conversation.** A single deadline for expressions of interest keeps buyers on the same timeline and gives you a choice.
  - **Prepare once, use it twice.** Normalized financials, a full memorandum and organized diligence files are what let a deal survive a buyer walking away.
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## NOTES

# About this case study.

This is a real sale from our client work. We've left out names, places and numbers, and changed some details, so no one involved can be identified. It is general information, not legal, tax or financial advice.

Thinking about selling a franchise? Start by seeing where your business stands.

[See where your business stands →](#)

Private & confidential. No obligation.

*Past results are not a guarantee of future results. Every business and every sale is different.*