

FRANCHISE ALERT #: 30 EXIT STRATEGIES

Like with other investments, knowing how to get into a franchised business venture and how to get out are equally important.

Exit Strategies:

There are several different exit strategies for a franchise business owner to consider. The most common exit strategy is to sell their businesses. This can be done as an **inside sale** or an **outside sale**.

Inside Sale:

Some common people to consider selling the business to include the following:

- Family member like an adult child
- Key employee like top sales person or general manager
- Vendor or supplier representative
- Loyal customer

Business owners with an insider to take over the business have the benefit of training the person in advance. This helps smooth the transition between owners.

This can also maintain confidentiality so that key employees, vendors and customers aren't scared off by a change in ownership.

If real estate is involved in the business, some owners negotiate the sale of the business but retain ownership of the property. This way the original business owner still maintains an income from rent on the property.

Outside Sale:

Businesses with positive cash flow and a nice book of business established are the ones that are in high demand. As a franchise business owner looking to exit, you have some clear pluses in your favor.





Advantages:

Franchised businesses tend to command a higher sales price than an independent business.

Solid businesses often sell at a multiple of the positive cash flow or **EBIDTA**.

The new owner will get training and support from the franchisor.

Disadvantages:

It may be tricky to market the business for sale on a confidential basis.

Exiting Is A Process:

Getting into a business venture is a process. It is also a process to exit one. Here are some general tips to consider regarding exiting a franchised business:

1. Start by knowing **WHEN** you, the owner, want **TO EXIT**.
2. Then **GET** the business **READY TO SELL**, and do this well in advance of your planned departure (think three years out).

MEET WITH your **CPA**.

IDENTIFY areas needing adjustment. Next, **MAKE** appropriate financial performance **IMPROVEMENTS** to your business.

3. Normally, your CPA and franchisor help you **DEVELOP THE SALES PRICE**.
4. When you and your business are ready, **MARKET THE BUSINESS** for sale. Start with insider prospects.

It's my pleasure to help you understand some of the [exit strategies](#) for franchise business owners!





NEXT STEP: 3 options

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2. **Schedule** a confidential appointment with Anna by calling/texting 706.736.0579, emailing anna@selectfranchises.com, or booking an appointment [here](#).
3. **Stay in touch** and be informed by engaging on social media. to get the latest news on what's hot in franchising and learn what you need to know about franchises.
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Let's connect or chat soon!



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Learn. Launch. Live Your Dreams.



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