

Last week I talked about the Selling Criteria or areas that can make your listing a lot more competitive, such as good financials, proper documentation (i.e., lease and franchise agreements), equipment lists and others. These are areas that brokers look into to determine how viable and competitive your listing is—looking for the probability of success.

During my discussion last week, I purposely omitted two additional elements (c'mon, I don't want to tell you all in one week!!): Price and Seller Financing. I omitted them, because these two elements merit a separate discussion altogether.

Let's address Price. In our office, we use a terminology to define listings with the correct price structure—"In the Box." These are listings which appear to be within an appropriate market value. In other words, if your type-business normally sells for a multiple of 2-3 times Owners Benefit (Net Profit plus owners salary, benefits, depreciation, interest and other miscellaneous additions) and yours is within those parameters—you are "IN THE BOX." ***That, plus good financials and documentation would make the sale of your business almost a done deal—brokers like to deal with listings that are "In the Box."***

If your listing is not getting the activity that you would like, ask your broker if your listing is priced within the market. Chances are that it will not be. Price, like in residential real estate, is the main driver in determining how long your business will be in the market place.

Secondly, let's talk about financing. In a previous blog I mentioned that, in this economic environment, getting financing from lending institutions, such as the SBA or Commercial Banks has become increasingly difficult—although there are signs of improvements in this area. So, if buyers cannot get financing through commercial banks, they cannot buy your business. Seller financing, as mentioned before, has replaced much of the commercial banking lending. **What this means is that the degree of financing you provide, would be an indicator of how fast you will sell your business**

. Today, as a rule of thumb, sellers should be looking at financing upwards of 50% of the transaction. Additionally, Buyers look upon this as a gesture of confidence in the business being sold—see my blog on why it makes sense to provide seller financing for more details.

So, before you beat up your business broker for the slow response on your listing, please determine if any of the above applies. Trust me; you'll be happier in the long run.

Should you want to know more about buying or selling a business, please contact Fernando Simo at 407-361-8886, email me at [fsimo@tworld.com](mailto:fsimo@tworld.com) or please visit my webpage at [www.buyorsellflorida.com](http://www.buyorsellflorida.com)