



FSB's Anne Fisher helps small-business owners get answers to their questions.

## CAN I SELL MY FIRM WITHOUT JUMPING THROUGH HOOPS?

Dear *FSB*: I've reached a tentative agreement to sell my tanning salon for a set price, but my buyer keeps making new demands. I operate out of rented space and have agreed to pay her first three months' rent if the sale closes. Now she wants a cut of the remaining sessions in tanning packages I've sold (i.e., those that clients have prepaid but not yet used). Are such demands typical? At what point should I walk?

**MICHELLE ZEILER**  
 Owner, *Ashford Tanning & Nails*  
 Pittsburgh

**DEAR MICHELLE:** When buying or selling a business, all is negotiable, says Jeff Snell, principal broker at Enlign Business Brokers in Raleigh. Unless it has been worked

into the purchase price, the bidder's request for part of your sales from unused tanning sessions makes sense because you've already been paid for services that it will cost her to provide. But her demand for three months' rent "suggests she is either cash-strapped or feels the

purchase price is unfair," Snell says. "When prospective buyers and sellers work with no intermediary, such as a broker or lawyer, they tend to make so many changes that they end up with complex Frankenstein deals that usually fall through."

Lest you suspect that Snell is just trying to drum up business, he adds that, given your firm's size, a lawyer might be best. A veteran transac-

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tion lawyer will bill you about \$350 to \$500 an hour for work that will usually take less than ten hours on the sale of a firm the size of yours. A broker, who normally charges about 10% of the business's sales price, can cost more. Even if you work out the deal on your own, be sure to hire a lawyer or broker to value your salon (a cost typically split by buyer and seller). "Get an experienced go-between to review the books and work out a number that shows how much free cash flow the firm generates yearly. Then make any adjustments you can agree on—such as deducting the unused tanning sessions," Snell advises. "Multiply the number left by three, and that's your asking price." If the would-be buyer balks at a price that reflects the firm's true value, then you should look for another buyer.