Q: Steve – I have read your columns for years and appreciate your advice. Maybe you can help me now. I would like to sell my business, but am finding it difficult to do so in the current economic environment. Other than dropping my price too low for my taste, what can I do? Thank you.

Mark

A: I know a fellow who was in a similar situation to you. Here is how he handled the problem:

Dan owned a couple of auto body shops for 20 years, and for at least the past three, has planned on selling the business and retiring to Costa Rica with his wife. He figured that the business was worth about $300,000 and that that would make a nice nest egg, along with his other investments.

But the changing economy shifted his plans too.

Dan put his business up for sale, but had little luck. So to entice buyers, he decided to offer to finance up to 1/3 of the purchase. Although he was not thrilled with taking $100,000 less up front, he also knew that it made the sale of his business much more likely.

Certainly this is not a new or radical idea. By some estimates, up to 75% of all small business sales include some degree of financing on the part of sellers. The reason is obvious: Most buyers do not have all of the money necessary to purchase outright. And of course most lenders do not offer anything close to the 100% financing on a business sale loan.

So in my pal's case, he figured that a good buyer should have been able to come up with $50,000 down. A bank could finance another $150,000, and he would take the remaining $100,000 using a five-year balloon note.

And it worked. Dan found a great buyer who was able to get in putting only 16% down, the bank did not have a lot of exposure, and Dan was able to sell his business and retire, while also receiving some steady income for the next five years and then a lump sum payment.

So seller financing is one the best things you can do to facilitate a sale.

It's a win-win. Obviously, for you, it makes selling the business much easier. By helping to finance the sale, you can get a better price and a faster sale. Other benefits include:

- The seller should get an ongoing interest payment that is typically more than she could otherwise get from another investment

- If there are any problems with the business or property, the seller can negotiate an "as-is" provision, which would be hard to do with more conventional financing

Are there risks involved? Of course. The main one is that the buyer may default on the loan and you will be forced to repossess a business you no longer want. But a seller can diminish the likelihood of that happening by doing some due diligence. The seller must check out the buyer as much as the buyer must check out the seller and the business.

There is good news for the buyer too in this scenario. First of all, that an owner is willing to finance some or all of the sale should be proof that this really is a good business; otherwise the seller would not finance it. Financing a lemon is a sure way to get a deal breached.

Beyond offering to finance part of the sale, other things you can do to help promote the sale of your business include:

Hiring a business broker: Hiring a broker is smart for several reasons:

- The broker has access to more qualified buyers than you do. This saves you time, money and headaches

- Brokers know where and how to market a business. That is what they do, and is likely not your specialty

- The broker will also be able to help you accurately value your business, which is key to a successful sale

Drop the price: I know you don't want to hear this, but it's still true. My brother sells real estate and tells me that he knows the price is finally right when the phone starts to ring. There is a sweet-spot price for your business where it will sell . . . though that may be less than you want.

Today's Tip: Another good option is to list your business online. Craigslist is good, but even better is a site like BusinessBuySell.com.