

## When Selling Your Business Confidentiality Is Key

You've made the big decision to sell. Your books are in order, you've spiffed up the premises. What are you waiting for?

Many sellers get to this threshold and then become concerned about confidentiality. They do not want the news of their decision to reach their customers, competitors, employees, or creditors. After all, they figure, customers may lose confidence in the business and go elsewhere, competitors might use this opportunity to spread rumors, employees might fear for their future security, and creditors might push for earlier payment. Not all of these qualms are reasonable; however, when selling a business, discretion is definitely the better part of valor. Few, if any, transactions have been wrecked due to excessive discretion. A breach of confidentiality, on the other hand, can severely alter the course of the transaction. What can you do to protect yourself against this possible deal-wrecker?

Your first step is to look for expert guidance. When a business broker is involved in the sale, he or she will channel the process to keep the transaction within safely silent bounds. You can expect your business intermediary to do the following:

- 1. Qualify the buyer.** Screening potential buyers is one of the most important benefits a business broker can provide for you. Keep in mind that roughly 90 percent of those who respond to business-for-sale ads are either not serious buyers or are not financially qualified. By screening prospects, the business broker will contribute to confidentiality by limiting the exposure of the business to the most promising buyers instead of to the merely curious time-wasters.
- 2. Use appropriate marketing strategies.** How can you advertise a business for sale without spreading the news too far? The business broker, as intermediary, is in an ideal position to do just that. Brokers place advertising and post listings that contain non-specific descriptions of the business. This "blind ad" approach can be phrased to attract interest in the business without revealing its name or exact location.
- 3. Prepare paperwork designed to promote confidentiality.** After screening prospective buyers and assessing the degree of interest and financial qualification, the business broker will also require prospects to sign a strictly-worded confidentiality agreement.
- 4. Manage appropriate release of information.** Until a purchase-and-sale agreement has been signed, the business broker can phase the release of information about the business to match the growing evidence of buyer sincerity and trustworthiness.

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However, even with the most careful handling, rumors are unavoidable. The wise seller will expect questions from the curious and will be ready with answers. If you find yourself needing to muffle the business-for-sale buzz, aim for a mix of good sense and good humor. You might respond that many buyers have approached you over the years, making "news" before it happens. You could go on to say that you never refuse to listen to a great offer, adding that you are, in fact, all ears right at that moment!

No matter how close-mouthed sellers choose to be with the community at large, they might consider being open with their own employees. This is the group most likely to sense what's happening, and sharing the news with workers can sometimes be a positive move. Since it's often the unknown that causes the most anxiety, including employees in the decision to sell can actually calm over-active imaginations. Once enlightened, workers can be made to understand the need for discretion. Confidentiality will help protect their own future as well as that of the business.