



Why Confidentiality Is Crucial to The Sale of Your Business

By Ryan Jorden, VR Business Brokers - Managing Partner

There are many key factors that will have an impact on your ability to sell your business. Your list price, the general market conditions, the number of businesses in your industry that are currently for sale, and ease of financing, to name a few. However, confidentiality is the core basis and universal best practice towards successfully navigating the process of selling your business. It allows you to be marketed without compromising your identity, while also creating a framework of expectations and rules for exchanging information with potential buyers.



What's the big deal about confidentiality?

Regardless of your industry, it's crucial that you maintain confidentiality throughout the sale process. This allows your broker to market your business without telling anybody who you actually are. We accomplish this by ensuring the initial marketing material is descriptive but generic. You don't want staff, customers or competitors figuring out that it's you, however a potential purchaser needs enough information to be prompted into action.

Business owners cannot actively canvas potential buyers or approach their industry without compromising their confidentiality and letting the world know they are for sale. When people hear a business is for sale, they usually assume the worst; staff feel their jobs are at risk and may move on, customers often look elsewhere to spend their money and competitors are then free to use that knowledge to their advantage. The consequences of a breach are to be avoided.

Therefore, in order to maintain stability & saleability in the eyes of a buyer, we always ask our clients to refrain from discussing the potential sale with their staff and customers. Any issue that compromises existing operations will affect the asking price or interfere with the ability to sell your business at all. Because of this, the marketing and sale process should be firmly centered in confidentiality from start to finish.

If you're thinking of selling your business, one of the first questions you should ask when interviewing potential advisors is, "How are you going to protect my confidentiality while marketing my business?" Not everyone has a good answer for that. Simply put, some people out there selling businesses don't understand the importance of confidentiality. If they cannot address your concerns, it's because they don't see the risk it presents to your business, and they certainly don't understand the ramifications of sharing your important financial and operational information. I advise every client I assist to view confidentiality as the centrepiece to a respectful and successful process and give them an opportunity to review the non-disclosure agreement I require to be signed by every potential buyer.

If you want the sale of your business to be managed professionally and confidentially, reach out to your local VR Business Broker today!



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