NESVOLD
CAPITAL PARTNERS

EXECUTIVE BRIEFING

Managing Confidentiality & Communication

— During an RIA Sale Process

An analysis of why the timing of employee communication during an RIA sale can influence enterprise value, buyer confidence, and transaction outcomes.

KEY TAKEAWAYS

- **Communication is a strategic decision.** It is not simply an HR exercise — timing and messaging can directly affect enterprise value.
- **Confidentiality protects value.** Keeping a sale confidential in its early stages preserves optionality and prevents unnecessary speculation.
- **Tell employees when certainty outweighs risk.** Employees should generally be informed once transaction certainty outweighs the risk of premature disclosure.
- **Different roles need different messaging.** Client-facing advisors and staff require different communication strategies than employees with limited client contact.
- **The first announcement should answer questions.** A well-timed announcement resolves uncertainty — a poorly timed one creates it.
- **Confidence must be preserved on all sides.** Successful transactions maintain confidence among employees, clients, and buyers simultaneously.

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ABOUT NESVOLD CAPITAL PARTNERS

Nesvold Capital Partners (NCP) is an investment bank specializing in M&A advisory and merchant banking for the wealth management industry and its broader ecosystem. As one of the sector's most exclusive M&A advisory boutiques, the firm avoids overlapping engagements with competing firms and focuses its sell-side processes on a select group of pre-vetted, highly qualified buyers. NCP delivers CEO-level advisory services to firms experiencing exponential growth or navigating transformative events — including mergers, acquisitions, recapitalizations, organic growth strategies, and partner liquidity or succession planning — and also makes supportive, non-control investments in innovative financial services firms led by exceptional management teams. Over the course of their careers, NCP's principals have advised, or invested in, firms managing over **$1 trillion** of client assets.

OUR TEAM



H. Peter Nesvold

JD, CFA, CPA

MANAGING PARTNER

Peter is a seasoned finance executive with a rare blend of legal, financial, and strategic expertise, holding credentials as a lawyer, CPA, and CFA charterholder. With over 25 years of experience on Wall Street, he has built a distinguished career in asset and wealth management, earning recognition as one of the top five most impactful M&A bankers in the industry. Peter advises CEOs, fiduciary boards, and senior leaders on complex M&A transactions, succession planning, compensation and equity strategies, brand building, and recruitment.

Previously, Peter was a partner and Chief Strategy Officer at Silver Lane Advisors, where he played a pivotal role in scaling the firm from startup to a top-ranked M&A advisor in wealth management, culminating in its sale to a Fortune 500 company. Prior to Silver Lane, he was a Senior Managing Director at Bear Stearns and a "five-star" portfolio manager at Lazard Asset Management.

Beyond his professional achievements, Peter is an Adjunct Professor at the Gabelli School of Business at Fordham University, an accomplished author of four books on M&A with McGraw-Hill, and an active member of multiple fiduciary and advisory boards. He holds degrees from the University of Pennsylvania and Fordham Law, and previously was a dedicated long-distance runner, having completed 19 full marathons.



Ruotao Wang

JD, CFA

DIRECTOR

Ruotao Wang is a Director at Nesvold Capital Partners, where he advises on mergers, acquisitions, and capital raises and serves as a key member of the firm's principal investment team. Prior to NCP, he was a Vice President in the Financial Services Investment Banking Group at Raymond James, where his main area of focus is asset and wealth management.

Ruotao holds the Chartered Financial Analyst® designation and has a bachelor's degree with highest distinction from the University of Michigan, and a juris doctor from Harvard Law School.

MANAGING CONFIDENTIALITY AND COMMUNICATION DURING AN RIA SALE

WHY THE TIMING OF EMPLOYEE COMMUNICATION CAN INFLUENCE ENTERPRISE VALUE

EXECUTIVE SUMMARY

One of the most difficult decisions facing an RIA owner during a sale process has little to do with valuation, deal structure, or negotiating purchase price — it is deciding when to tell employees that the firm is for sale.

Owners often approach this question emotionally, wanting to be transparent and avoid the appearance that information has been withheld. Yet mergers and acquisitions are not ordinary corporate events: until a transaction becomes sufficiently certain, premature communication can unintentionally reduce enterprise value by creating uncertainty among employees, clients, referral sources, and prospective buyers — while waiting too long can undermine credibility precisely when leadership is asking employees to embrace change.

The objective is not complete secrecy or complete transparency. It is preserving business stability while maintaining the trust that ultimately determines whether a transaction succeeds.



WHY TIMING MATTERS

Unlike many industries, wealth management firms derive much of their value from relationships rather than physical assets. Clients choose advisors they trust, referral sources recommend people rather than corporate entities, and employees often possess decades of institutional knowledge.

Accordingly, uncertainty surrounding ownership can have consequences that extend well beyond internal morale. An employee who unexpectedly begins exploring other employment opportunities may unintentionally create uncertainty among clients. Clients sensing organizational instability may delay investment decisions or consider alternative advisors, and prospective buyers observing declining employee retention or client confidence may reassess valuation.

What initially appears to be an internal communication issue can quickly become a transaction issue.

CONFIDENTIALITY PROTECTS MORE THAN INFORMATION

Many owners assume confidentiality exists primarily to prevent competitors from learning about a sale. While that is certainly important, confidentiality serves several broader strategic purposes: it minimizes unnecessary speculation, protects employee productivity, preserves client confidence, and allows management to evaluate multiple strategic alternatives without creating expectations before a transaction becomes likely.

Perhaps most importantly, confidentiality preserves optionality. Many transactions never close — letters of intent expire, due diligence uncovers unexpected issues, financing changes, and strategic priorities evolve. If employees are informed before meaningful transaction certainty exists, management may later find itself explaining why the anticipated sale never occurred, and those conversations rarely strengthen organizational confidence.

WHY WEALTH MANAGEMENT IS DIFFERENT

Communicating during an RIA transaction differs significantly from communicating during the sale of many other businesses. The assets being acquired are largely intangible — clients, advisors, culture, brand, and reputation. The buyer is therefore purchasing confidence as much as financial performance, and every communication should reinforce that confidence rather than diminish it.

This reality also explains why many buyers devote substantial due diligence to employee retention, cultural compatibility, compensation structures, and succession planning long before announcing a transaction publicly.

THERE IS NO PERFECT MOMENT

Owners frequently ask, “When should I tell my employees?” The better question is, “What information will employees need to continue serving clients confidently?”

In most successful transactions, communication occurs after the transaction has reached a meaningful level of certainty but before rumors begin filling the information vacuum. For many firms, that milestone occurs following execution of a Letter of Intent and completion of significant due diligence; for others, communication may appropriately occur only after execution of a definitive purchase agreement.

The answer depends upon several factors, including transaction complexity, anticipated closing timeline, regulatory approvals, integration planning, buyer preferences, and the firm’s organizational structure. Rigid rules rarely produce optimal outcomes. Thoughtful judgment does.

NOT EVERY EMPLOYEE REQUIRES THE SAME COMMUNICATION STRATEGY

A common mistake is treating every employee identically. Different groups possess different informational needs. Senior leadership often requires earlier communication because they are actively involved in diligence, integration planning, or client transition discussions. Lead advisors may require additional preparation before clients are informed so they can answer questions confidently and consistently. Operations personnel often require reassurance regarding future responsibilities and organizational changes, while administrative staff may primarily seek clarity regarding employment continuity.

Tailoring communication does not create inequity. It reflects operational reality.

EMPLOYEES WILL ASK THREE QUESTIONS

Regardless of title or tenure, nearly every employee evaluates an acquisition through three personal questions: Will I still have a job? Will my clients be taken care of? Will this create opportunities — or limitations — for my career?

Management should answer these questions directly whenever possible. Silence rarely reduces anxiety; clear communication almost always does.

THE ANNOUNCEMENT IS ONLY THE BEGINNING

Many firms devote substantial effort to planning the announcement itself while investing comparatively little attention in what follows. In reality, credibility is established during the weeks after employees learn of the transaction.

Leadership should provide regular updates even when little has changed. Managers should remain highly visible, and questions should be encouraged rather than discouraged. Clients should hear consistent messaging from every member of the organization, and communication should become more frequent — not less — following the announcement.

BUYERS AND SELLERS SHOULD COMMUNICATE TOGETHER

The most effective announcements rarely feel like one organization replacing another. Instead, they communicate a shared future. Whenever practical, buyers and sellers should jointly explain why the firms chose one another, how clients will benefit, what employees should expect, what will remain unchanged, and what opportunities the combination creates.

Employees are far more likely to embrace change when they understand the strategic rationale rather than merely the financial outcome.

THE BEST TRANSACTIONS PRESERVE CONFIDENCE

Founders often believe they are selling their businesses. In reality, they are transferring relationships. Those relationships extend beyond clients to include employees, referral partners, strategic partners, and the communities the firm serves.

Every communication during a transaction either strengthens or weakens those relationships. The objective is not merely closing a transaction — it is ensuring that the organization emerges stronger after closing than it was before.

BOTTOM LINE

The question is not whether employees should be informed. They absolutely should. The real question is whether they are being informed at the moment when transparency strengthens the business rather than introduces unnecessary uncertainty.

The best transactions balance confidentiality with credibility, preserve stability while the transaction remains uncertain, and communicate with clarity once the strategic direction becomes clear.

Employee communication is not simply a component of transaction execution. It is one of the factors that determines whether the value negotiated in a purchase agreement is ultimately realized after closing.

This briefing is provided for informational purposes only and does not constitute legal, investment, or human resources advice. It should not be relied upon as the basis for any transaction or communication decision. Please contact Nesvold Capital Partners directly to discuss the communication strategy for a specific transaction.