



Confidentiality is Critical to Business Sale

As you prepare to put your house on the market, you get the word out to as many people as possible. You want everyone to know your house is for sale.

However, just the opposite is true when selling a business. Letting everyone know creates an air of uncertainty that can be detrimental to your bottom line and put the company in jeopardy.

To increase the likelihood of a successful sale of a business at an optimum price, **keep it confidential!**

What's likely to happen if people find out the business is up for sale?

Employees get nervous. They begin to worry if their jobs will disappear or if they will get along with a new owner. They will start looking for jobs that make them feel more secure, and some may even quit before you have a chance to reassure them.

Losing key people is serious, particularly during the sale process. Key staff members provide valuable continuity and business knowledge that buyers are looking for. Lose them and potential buyers may be lost too.

Customers begin to wonder. They may become concerned whether the business has problems that could threaten their supply chain. They may start questioning if they'll get the same quality from the new owner.

Competitors will spread the word. Once the competition finds out, rest assured they will let your customers know and use it as ammunition to bring that business to their company. It opens the door for them to steal business from you.

Vendors and creditors may tighten terms. You may be working with terms of net 45 or more to benefit your own cash flow. But once creditors learn that the business is for sale, you may find those terms tightening or notes unexpectedly called due.

On average, a business sale takes nine months to one year. If even some of these changes occur early on, the impact can be dramatic. You will find that you are not only running a business, but you are busy putting out fires.

A buyer wants a successful operation with few changes until he or she can make those changes. Too many question marks translates to greater risk and lower purchase offers.

Confidentiality is crucial no matter the size of the company or the type of business. To maintain confidentiality, use a professional who understands the process - use an intermediary. An intermediary will market the business in a confidential manner, while providing just enough information to attract the buyers you are looking for.

The intermediary should be diligent in screening inquiries to be sure competitors are not out there fishing for details. The intermediary should only be sharing your identity after determining that a potential buyer is seriously interested and is pre-screened. Those serious and pre-screened buyers should also be required to sign a binding confidentiality agreement that holds them accountable for leaking information.

Chicagoland Sunbelt is a Business Brokerage firm that focuses solely on helping people buy and sell businesses. We are also a proud member partner of Sunbelt Midwest, which has offices in Minnesota, Wisconsin and Illinois.

Chicagoland Sunbelt
8735 W. Higgins Road, Suite 160 - Chicago, IL 60631
773-243-1603 (phone) - 773-243-1618 (fax)
www.chicagolandsunbelt.com