

Deny Until You Die

By: Timothy A. Brown

I recently spoke with a client about the nuances of selling a business. They emphasized the importance of maintaining confidentiality, advising that staff, suppliers, and other parties should not be alerted of the pending sale until necessary.

I am not sure where they got this advice, but it is correct.

I also met with a respected business broker, Dr. Kyle Roth of Raleigh North Carolina, who informed me that he wisely advises his clients to **“Deny until they die.”** It’s crude advice, but it sure is effective!

When others know a business is for sale it often sparks rumors and gossip about the business owner’s health, finances, marital situation and other unintended stigma.

Stigma can be a serious detractor to the salability and sale price of a business.

People love to gossip about business owners and their personal relationships.

Think about the amount of gossip that happens within the business, then multiply by 10 in the public domain. The mere suggestion that an owner may be struggling with their marriage, finances, health will spread like a pandemic!

When considering the sale of a business, speak only to your most trusted financial advisors.

Your accountant and lawyer can be trusted because of their professional codes of ethics, not to mention their loyalty to you, their client.

Reputable appraisers and brokers are licensed and governed, so they can be trusted as well.

But here’s what not to do.

Do not tell your banker. They may bank your competitors and they like to be a source of industry news. They will enjoy sharing your intentions with their other clients, thinking it may help you or them.

Do not tell your material suppliers. They will likely call on your competitors and you do not want them to know about your intentions. If competitors know too early, they may try to poach your clients or staff. Staff raiders are already at your door.

Direct Competitors may be a candidate to purchase but they must be kept on a short leash and need to **sign a Non-Disclosure Agreement (NDA)**. Your private financial information needs to be distributed with extreme caution.

Do not inform your landlord until your offer is unconditional in all other regards. Your broker can explain why.

And most importantly, don't tell your staff.

Even if you swear them to secrecy, they will tell their favorite clients. The word will be out within days.

Your staff will find out when the time is right – and your broker will tell you when that time arises. Until then, absolute silence with staff is the best option.

The former employee of one of my clients found out about a sale far too early, and she was disgruntled at her termination. She then started a rumor that the client was having an affair with another staff member, and they had to sell their business to save their marriage. It hurt the client, their spouse, and the innocent employee they were accused of cheating with, plus it caused long-term, loyal staff to question the owner's integrity. It was a very upsetting situation for everyone involved.

Bottom Line

My advice (and that of Dr. Roth) is simple; ***“Deny until you die.”***

About the Author



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Timothy A. Brown is the CEO and Broker of Record for ROI Corporation and has served the professions since 1979. His broad experience in dental practice systems, including: appraisal, brokerage, leasing, and practice management, together with a close scrutiny of a database of thousands of Canadian dental practices has given him an unequalled view on the many unique circumstances involved with dental practice ownership and transition.

Timothy's articles have been published in Ontario Dentist, Journal of the Canadian Dental Association and Dental Practice Management. He has delivered over 250 Continuing Dental Education seminars, including presentations at the faculties of dentistry of the University of Toronto, University of Western Ontario, Dalhousie University and McGill University.

Timothy is a Registered & Licensed Ontario Real Estate and Business Broker (Principal). He also voluntarily completed the Ethics and Business Practice course from the Real Estate Institute of Canada. He clearly understands dentists and has his finger firmly on the pulse of the dental practice marketplace in Canada.

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