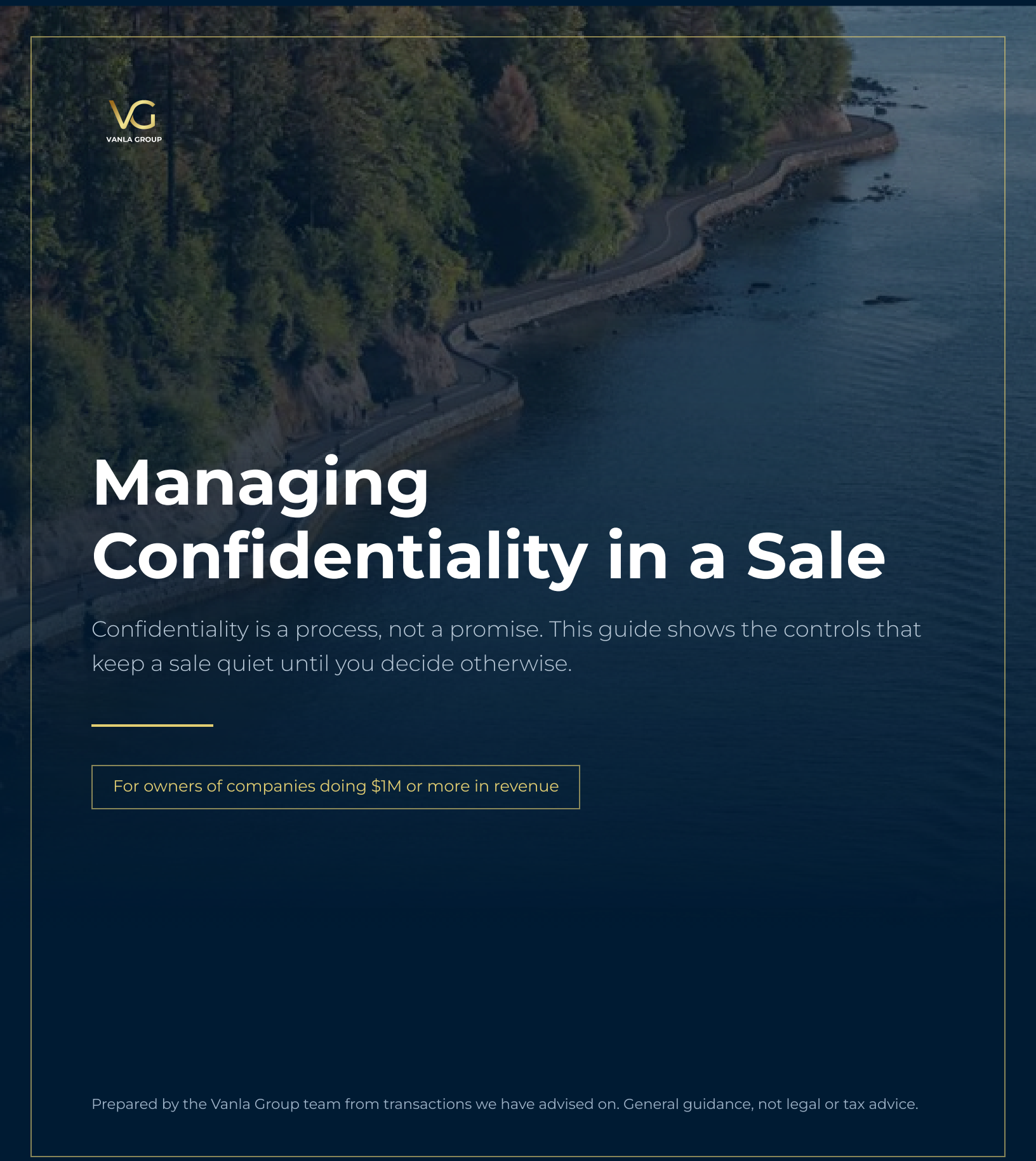


VANLA GROUP

Managing Confidentiality in a Sale

Confidentiality is a process, not a promise. This guide shows the controls that keep a sale quiet until you decide otherwise.

For owners of companies doing $1M or more in revenue

Prepared by the Vanla Group team from transactions we have advised on. General guidance, not legal or tax advice.

An owner who tells us confidentiality is the thing that worries them most is usually right to worry. It is often the first thing raised on a first call, sometimes in so many words: people like to talk, and they like to gossip. A sale that becomes public before it closes can cost key employees, unsettle customers and give competitors a story to tell. What that owner often does not know is that confidentiality in a professional process is not a promise anyone makes. It is a sequence of controls, each one deciding who learns what, and when. We would not be in business if we could not keep an owner's name confidential, so this guide walks through those controls as our advisors apply them, and is honest about where they stop.

The blind profile: what a buyer learns before they know who you are

The first document any buyer sees is a blind profile, often called a teaser: a one or two page description of the business written so that a qualified buyer can decide whether to pursue it, and so that nobody can identify it. It is what goes to our network of 8,100+ buyers and, as a blind listing, onto the major marketplaces such as BizBuySell and BusinessesForSale. The listing carries no name, no address and nothing meant to identify you.

A blind profile describes the industry in broad terms, the region as a large market rather than a city, and often not even the state, revenue and earnings in rounded figures, the nature of the customer base, the number of employees as a range, and the reason for sale in general terms. A typical opening line reads something like "a specialty trade contractor serving a large regional market". It describes what the business does without naming what it is called, where exactly it sits, who its customers are, or anything about its products, certifications or history that a competitor would recognize.

The same engineering firm can be described in a way that a hundred plausible companies would fit, or in a way that an industry insider identifies in a sentence. Our advisors write the profile, then read it as a competitor would, and remove anything that narrows the field. Where a detail is important to buyers but identifying, it is held for the next stage. You read and approve the profile before it goes anywhere.

A $22M home health agency we sold was marketed under a blind profile; its name was disclosed only under NDA.

Qualification and staged release

A buyer who responds to the blind profile does not receive anything further until three things happen: they sign a nondisclosure agreement, they satisfy us that they can close, and you approve them. Nothing goes out without all three.

The nondisclosure agreement

The NDA a buyer signs binds them, and the people they share information with, to use what they learn only to evaluate this transaction, to keep it confidential, and to return or destroy it if they do not proceed. A well drafted NDA also addresses the risks that matter most to owners: it restricts the buyer from soliciting your employees, and from contacting your customers, suppliers or lenders without your written consent.

You receive a copy of every NDA signed on your business. That matters more than it sounds. If something leaks, the list of people who could have known is short and named, and a leak that can be traced is one that buyers take care not to cause.

Capacity to close, and your approval

Signing an NDA proves interest. It does not prove capacity. Before our advisors release financial information, we establish who the buyer is, what they have acquired before, and how they would fund a purchase at this price: committed capital for a private equity group, a balance sheet or lender relationship for a strategic acquirer, proof of funds and financing conversations for an individual. A buyer who cannot or will not show this does not advance, however enthusiastic. This step removes the curiosity seekers, and the competitor who wants a look at your numbers under cover of an acquisition they have no means to make.

Then the buyer comes to you. We tell you who they are and why we think they fit, and you decide whether they see anything more. An owner who knows the local market will sometimes recognize a name we would have had no reason to question.

What a buyer sees at each stage

Even qualified buyers under NDA do not receive everything at once. Information is released in stages, and the most sensitive material arrives last, to the fewest people.

Stage	Who	What they see
Blind profile	Our buyer network and marketplace readers	Industry in broad terms, a large region, rounded revenue and earnings, employee range. No name, no location, no customers.
Confidential information memorandum	Buyers who signed the NDA, showed capacity and were approved by you	The company's identity, history, financial recast and market position. Customers by category or anonymized rank, key employees by role only.
Supporting financials	Serious buyers preparing an offer	Tax returns and statements with client names and other identifying detail redacted.
Diligence	The one buyer whose letter of intent you accepted, under exclusivity	Customer names, contracts, employee compensation and anything that would be damaging in a competitor's hands, released late and in pieces.

By the time customer names are shared, you are dealing with one party who has committed to a price in writing and is spending their own money to get to close. The result is a funnel. Many buyers see the blind profile. A smaller number sign the NDA and qualify. Fewer still receive the memorandum. One sees the full picture. At each step the group that knows more is smaller, more committed and more accountable.

Diligence requests, and holding back

Owners are often surprised by how much a buyer asks for in diligence. Request lists now commonly run to hundreds of items, many of them generated from templates and plenty of them irrelevant to the business in front of them. Answering everything at once is not a requirement. Our advisors sort the list, release what is relevant in a sensible order, and keep client lists until late, anonymized where possible. When several buyers are interested, holding more back until offers are in also keeps the competition doing its work.

Never alone on a buyer call

One owner came to us after an earlier attempt to sell had gone wrong. He had taken buyer calls on his own, and detailed operating and marketing information had been handed over early, long before any buyer had committed to anything. He believes the buyer who walked away used it to compete with him. He arrived wanting everything held back until the money landed.

His instinct was half right. The lesson is not to disclose nothing, because buyers will not offer on a business they cannot see. It is to disclose in stages, and never to sit on a buyer call alone. An advisor on every call keeps the conversation inside what that buyer has earned at that stage, steers away from questions that belong later, and is a witness to what was said and shared.

Competitors as buyers

The buyer most owners fear is a direct competitor, and the buyer who often pays the most is a direct competitor, because they can see exactly what combining the two businesses is worth. Both things are true, and the way to hold them together is to treat competitors as a distinct category with their own rules.

Our approach is to ask you, before going to market, which companies you would not want to see the memorandum under any circumstances, and which you would allow with extra protection. The first group is excluded. For the second, the information released is narrower and later than for a financial buyer: the memorandum may omit margin detail by product line or regional revenue, and customer level information is withheld until the purchase agreement is nearly final, not merely until the letter of intent. We also apply the NDA's nonsolicitation and noncontact provisions with particular care, because these are the clauses a competitor would be tempted to test.

Some owners know their competitors personally and want to approach one or two themselves. That conversation is better had through us, under an NDA, after we have agreed what that competitor may see. A friendly call between owners has no NDA behind it, and once a competitor knows you are selling, that knowledge cannot be taken back.

The trade off is honest. Excluding competitors can remove the highest bidder. Including them carries a risk that is managed but never zero. The right choice depends on how concentrated the industry is and how much a competitor who learns your pricing and walks away could hurt you. We will give you our view; the decision is yours.

The honest limit

No process makes a leak impossible, and we would rather tell you that before we start than after. The risk is highest with a local buyer in a small market, where people know each other and talk. We reduce it by keeping the profile broad, qualifying hard, letting you veto any buyer, and holding identifying detail until late. We do not pretend it is zero.

Your people, and what happens if word gets out

The question we hear most is what happens to the employees, and when to tell them. The answer that protects both the people and the deal is: later than instinct suggests, and in a planned sequence.

Nobody talks to your staff but you

We never speak to your employees, and buyers should not either. The NDA every buyer signs bars them from soliciting your staff. Your staff hear about a sale from you, when you decide. Most hear nothing until the documents are signed; the few exceptions are covered below.

If you care about what happens to your people after the sale, say so at the start. Keeping the team, the brand and the culture can be written into the buyer criteria you give us, and buyers who will not respect it are screened out early.

Key employees

Buyers ask about key employees on almost every deal: who is load bearing, what they are paid, whether they are under noncompetes, and whether they will stay. The honest answer is that good people usually stay as long as their pay and the culture do not change, and a buyer who wants certainty will often ask for a key manager's commitment as a condition of closing. That means a small number of people may need to know before closing: a controller or bookkeeper who will be asked for reports they cannot explain otherwise, and sometimes a general manager the buyer insists on meeting late in diligence.

For these people the conversation is private, late, and planned with us in advance. Two cautions. First, do not promise anything before the deal is certain: people who have been promised money before it is real tend to check out, and a deal that falls through leaves a promise you cannot keep. Second, if you want to reward key people, tie the reward to what the buyer needs from them after closing, such as staying through the transition, so their interests and the buyer's point the same way. Buyers frequently help fund that kind of arrangement, because they want the team to stay as much as you do.

Give anyone you bring in a defined role. On one deal, a long serving and well meaning employee was brought into the documents near the end and kept introducing what if scenarios into the purchase agreement that neither side had raised. Each one had to be discussed, and the deal nearly ran out of time over problems nobody had. Loyalty is not the same as a mandate to negotiate. Decide in advance what the person is there to do, and keep the negotiation between the principals and their advisors.

Everyone else learns at or just after closing, from you, with the buyer present, with their position secure and their questions answered on the spot. Told earlier, employees spend months worrying about a transaction that may not happen. When the time comes, many owners frame it the way it usually is: bringing in a partner or investors who will support the team and the business.

Customers and suppliers

Customers are informed after closing, by you and the buyer together, framed as continuity: same people, same service, more resources. Where a major contract requires consent to assignment, your attorney and our advisors handle that disclosure late in diligence, narrowly, to the one person at the customer who must sign. Suppliers follow the same pattern. Buyer calls to customers before closing, sometimes requested as customer diligence, are declined or confined to a scripted reference call that does not disclose the transaction, and only with your consent.

Deal structure can support all of this. Employment agreements for key managers, a transition period in which you remain visible to customers, and terms that preserve the team's roles are all negotiable, and they are the reason we say how an owner exits matters as much as the price.

If an employee or customer asks

Sometimes the question comes before any leak: an employee notices more closed door meetings, or a customer has heard a rumor. Have a short answer ready, agreed with us in advance, and make sure it is true. Most owners can say, honestly, that the business gets interest from investors and partners from time to time, that they always look at ways to grow and support the team, and that nothing is changing for the person asking. Then tell us, so we can check whether anything has come from the buyer side.

If word gets out

Despite the controls, leaks happen: a buyer's analyst mentions a name, a lender's request reaches the wrong desk, a document is left on a printer. The response is prepared in advance, not improvised.

The holding statement for most owners is true and calm: the business regularly receives interest and evaluates its options, nothing has changed for customers or staff, and any announcement will come from you. If the source is a buyer in breach of the NDA, our advisors address it directly and the buyer is removed from the process; because you hold a copy of every NDA, the list of possible sources is short. If a key employee hears before you intended, you have the retention conversation earlier than planned, with the same substance. What you do not do is deny that anything is happening to someone who has seen evidence that it is, because the loss of trust costs more than the disclosure.

Confidentiality, done properly, is a sequence of decisions in your hands: who sees the profile, who qualifies, which buyers you approve, what they receive and when, which competitors are in or out, and when your people hear it from you. Our job is to run that sequence so that the only surprise, for everyone outside the room, is the closing announcement.

What to do next

A confidential conversation is the natural first step. We will talk through how a process would be structured for your business, your market and the people you need to protect.

Talk to an advisor

The team behind this guide

Vanla Group is an M&A advisory firm and business brokerage for owners selling companies. We are paid a success fee at closing, with no retainer and no upfront fees.



Paul Cheetham
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David Tracey
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Voya Cheetham
HR and PR Director



Nik Avendano
Operations Director

$182M+
Closed, US and Canada

8,100+
Buyers in our network

6 to 9
Months to close, typical

Questions about your own business? An advisor will talk them through with you.