

Prepared by:

TRANSWORLD
Business Advisors
Business Sales • Franchises • Mergers & Acquisitions

How to Maintain Confidentiality in a Buying and Selling Franchise Business



Welcome to the world of franchising.

The business of buying and selling a franchise.

With Transworld, you will learn to be a successful business advisor, expert at marketing and sales of businesses and commercial real-estate. Should you choose to be a Transworld business broker, you will have the skillset to successfully bring together Australia's buyers and sellers.



Your Future with Transworld



Transworld gives you the opportunity to be your own boss and work when you want to. This opportunity does not require renting office space, hiring staff or acquiring costly office equipment.

As a Transworld franchisee, you will not only get the entrepreneurial freedom you crave. You will also have three different revenue streams, and consequently, three different ways to help Australia's businesses and economy. You will be able to:

- Help clients find the best franchising opportunity for them (Franchise Consulting);
- Help clients develop their business concept or existing business into a franchise (Franchise Development); and
- Help clients prepare their business for sale (Business Brokerage).

There are countless of learning opportunities with us. As Transworld is a business brokerage franchise, one of the most crucial skills you will learn is keeping a business sale confidential.

The Need for Confidentiality

Contrary to common sales practices, selling a business should be done in private. It may seem counterintuitive, but a quiet sale makes the process faster and can help maintain the business' selling price at the estimated value.

If a business' sale is made public however, the following scenarios are likely to happen, affecting the value of a business:

INCREASE IN EMPLOYEE-RELATED ISSUES

When employees hear of news that their employers are selling the business, the prospect of losing their jobs or dealing with organisational changes come to mind. Many employees thus seek out other employment opportunities or lose morale, affecting their performance. This in turn affects the business' performance and the customers' satisfaction.

CUSTOMERS MAY LEAVE

As employees start to work inefficiently, customers are affected and opt to discontinue seeking a business' products or services. For business-to-business (B2Bs) companies, a sale is often perceived as instability so the news of a business put on the market often scares clients, driving them to look for other suppliers who seem more stable.

Profitability is a major consideration for business buyers so a business whose customer base will no longer patronise one's products and services is no longer seen as worth the investment.

INTERRUPTIONS TO NORMAL BUSINESS OPERATIONS

With a business sale made public, every interested buyer can ask for appointments or ocular inspections, disrupting daily operations. Competitors may also ask for an appointment in the guise of a buyer, hoping to gain a business secret or compromise a sale.

DECREASE IN BUSINESS VALUE

The valuation of a business decreases when it loses its customers and employees, and its performance drops during the sale period. This in effect puts the seller at a disadvantaged position when negotiating with potential buyers.

There are countless of learning opportunities with us. As Transworld is a business brokerage franchise, one of the most crucial skills you will learn is keeping a business sale confidential.

So how do you maintain confidentiality?

Maintaining Confidentiality Throughout a Sales Process

Here are Transworld's five ways to keep a sales process confidential:

1. SEEK PROFESSIONAL AND LEGAL GUIDANCE.

There are two people a business owner must first contact: his lawyer and a business broker. The attorney helps the buyer set up the appropriate non-disclosure agreement, while the broker guides the seller through every step of the selling process.

At Transworld, the broker assists the seller from analysing the business to structuring the sale, advertising the company, qualifying buyers down to due diligence – all while keeping the sale confidential.

2. ADVERTISE THE SALE USING BLIND ADS AND LISTINGS.

It's possible to advertise the sale of a business worldwide without revealing the business' identity. Business advisors from Transworld analyse a business' operations, market potential, finances and other important information to generate a highly attractive and accurate business profile for the company – without revealing its true identity. The profile provides just enough information including the nature of the business, it's general location, it's strengths, the business value, number of employees and details that generate interest.

We have a proficient marketing program where sellers' profiles receive maximum exposure in various internet sites, industry databases and publications, while still ensuring confidentiality.

One of the reasons clients come back to us and recommend us to their contacts is the convenience we offer. Most businesses have to set up a new phone number, voicemail and e-mail address to put up contact numbers in listings without revealing their business' current contact information. With a Transworld business broker, this logistical problem is taken care of.



3. PRE-QUALIFY BUYERS BEFORE SHARING FURTHER INFORMATION ABOUT THE BUSINESS.

Finding the right buyers helps maintain confidentiality. A seller will only need to reveal more information about their business to buyers who have the purchasing capabilities and the proper motives. If the buyer does not have the purchasing power, or seems to be untrustworthy, no further information has to be disclosed.

4. HAVE THE QUALIFIED BUYERS SIGN A CONFIDENTIALITY AGREEMENT.

The confidentiality agreement or non-disclosure agreement outlines legally binds prospective buyers to keep secret the seller's intent to sell his business and other information related to the business. With the help of a lawyer and an experienced business advisor, the seller can continue with the process with a carefully crafted confidentiality agreement.

5. DISCLOSE INFORMATION ONLY TO KEY EMPLOYEES.

The confidentiality agreement or non-disclosure agreement outlines legally binds prospective buyers to keep secret the seller's intent to sell his business and other information related to the business. With the help of a lawyer and an experienced business advisor, the seller can continue with the process with a carefully crafted confidentiality agreement.

Revealing information at the right moment helps vet out buyers who are willing to purchase the business at the best price. At the same time, it helps the business operate smoothly even when the announcement of the sale and transition has been made.

Through maintaining confidentiality throughout the whole sale process, proper conditions for business continuity is ensured, benefitting the seller, and the buyer, including the employers and customers.

Transworld can teach you more.

Ready to own a Transworld franchise in Australia?

View our website for more information.

www.TWorldFranchise.com.au