

# WHEN & HOW TO TELL

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*Transparency will gain employee confidence as well as mitigate the risk of employees bailing out.*

When and how do I tell my employees that I am selling my business? This is often a looming question that keeps business owners up at night. Left unanswered, this question actually gets in the way of business owners moving forward on plans to transition out of their companies.

**Rule One:** Protect the Integrity of the Deal Apply strict confidentiality around the details of negotiations, agreements and involved parties until the ink dries. At the point of sale, have a communication plan prepared to deliver to your constituents that accurately reflects your company's culture and your values.

Remember to whom you will be communicating: families of employees, customers, vendors, industry media and financial partners. Don't confuse strict confidentiality with keeping employees in the dark. Private is useful; secretive is deceptive.

**Rule Two:** Protect the Integrity of the Company Be transparent about your vision for the company's future after you leave. Transparency of the vision will gain employee confidence as well as mitigate the risk of employees bailing out. Often the future leader will have a bigger vision, more capital and an updated strategy that will stimulate growth and new opportunity in ways that benefit employees.

Remember the climate has changed dramatically, and employees are not so easily alarmed by the idea of the owner selling. Just as often, they welcome the change.

**Rule Three:** Unleash Potential People drive the numbers. Employee engagement is determined by the degree to which employees view themselves as having clear objectives, the right tools to accomplish the objectives, a sense of being valued and a belief that they can grow. In the balance of transitions is the business. Employee engagement is often overlooked as a tool for increasing the value of your company, and it helps directly in these ways:

- Strengthen the workforce to withstand the challenges inherent in a transition
- Leverage an underutilized opportunity for value enhancement
- Be remembered as a leader of a great company who valued people

Rather than focusing on the transaction, turn your attention to the transition. There is the pre-sale, which will be all about your business. There is the transaction, which is all about the deal at a point in time. And then there is your future, the most valuable possession with which you will walk away.

Good exit planning is the difference between selling a business and creating your legacy. It is a process that aligns your financial goals, business goals and personal goals, and clarifies what your success has paved the way for. Don't worry about how you're going to get this done right; instead, set out to do it right