

You Know the Old Saying About Loose Lips? **How Does It Impact You?**

The saying “loose lips sink ships,” doesn’t have ancient origins. While it sounds like one of those sayings that has been around forever, the saying was actually invented during World War II. It was taken quite literally. The idea was that a lack of secrecy could lead to the loses of actual ships or other wartime deaths. So in other words, this saying was serious business. It should come as no surprise that this saying is alive and well in the business world.



Few things are more important than safeguarding your business from leaks. Leaks can, simply stated, spell disaster for your business. Leaks can be particularly damaging if you are looking to or are in the process of selling business. A leak that you are planning on selling your business can have a range of consequences. Everyone from employees to customers, suppliers and, of course, prospective buyers and competitors could all take notice and this could have ramifications.

Yet, confidentiality stands as a bit of a Catch-22 situation. Sellers want to get to the best price possible for their business and that means letting prospective buyers know that the business is for sale. The greater the number of potential buyers contacted, the greater the chances of receiving top dollar. However, the more potential buyers that know you are interested in selling, the greater the risk of a leak. Clearly, this situation represents a considerable dilemma.

As a buyer, you may discover that owners can be overly, perhaps even irrationally concerned, about leaks. It is important to remember that for most owners, the business represents their largest asset and often their greatest professional accomplishment in life. In other words, they have a lot riding on their business. It is important to remind sellers that the less time a business is on the market the lower the risk of a leak. Also, the longer the negotiations go on, the greater the risk of a leak.

Sellers should always remember to keep all important documents related to the potential sale or sale literally under lock and key. Everything should be considered confidential and only transferred to buyers in a highly secure fashion. Confidential information shouldn't be emailed or faxed, as this makes a leak much easier. Sellers and buyers alike should remember that they shouldn't discuss the sale or potential sale with anyone. Confidentiality should be stressed at all times.

Working with an M&A Advisor is one way to dramatically reduce the risk of a leak occurring. For M&A Advisors, confidentiality is a cornerstone of their operations and require buyers to sign very strict non-disclosure agreements. While loose lips may sink "ships", there is no reason that your business, or the one you are interested in buying, has to be one of those ships.

About CK Business Consultants, Inc.:

CK Business Consultants, Inc. has been dealing exclusively in the sale and acquisition of petroleum and propane related mid-market companies since 1976. We are qualified, experienced, and highly professional intermediaries working with both buyers and sellers in the successful transfer of business ownership. We handle all phases of the project including initial analysis, valuations, developing a confidential information memorandum, locating qualified buyers, negotiations, and execution of the transaction. For more information, please call or email Gary Papay @ 570-584-6488, gpapay@ckbc.net or visit our website @ www.ckbc.net.