OLIVEWOOD ADVISORS

A PLAYBOOK FOR OWNERS

Leading Your Team Through Confidentiality

Who to involve, when to involve them, and how to lead through a confidential sale.

INTRODUCTION

Every sale begins with a small *circle.*

When owners imagine selling the business, they picture a signed purchase agreement, a wire transfer, maybe a handshake with the new owner. The transaction actually begins much earlier, and it requires a decision about people. Who should know you're considering a sale? Who helps prepare the company? Who meets with buyers, and who stays focused on running the business?

Those questions rarely have simple answers. A founder with a ten-person leadership team will approach them differently than an owner who has made every significant decision alone for thirty years. Most successful transactions start with a very small group of trusted advisors and expand deliberately, until employees, customers, suppliers and the broader community eventually learn about the sale.

The timing of those conversations matters enormously. Involve people too early and you create uncertainty around a transaction that may never happen. Wait too long and your key leaders won't have time to prepare for buyer conversations or help guide the business through the change. ***This guide offers a framework for making those calls, along with worksheets to plan them.***

WHAT'S INSIDE

THE CENTRAL IDEA

Most transactions begin with a small circle. The question isn't if the circle grows. It's how deliberately you expand it.

START WITH PURPOSE

Ask *why* before you ask *when.*

The first question owners usually ask is about timing. When should I tell my CFO? Should management know before we contact buyers? Do I wait until after an LOI is signed? Those are reasonable questions, and they're difficult to answer because they're the second question rather than the first.

Ask instead why the person should be involved (i.e., what role they will play). Some will prepare financial information, explain operations to buyers, organize diligence materials, or lead employee conversations after the announcement. Others have no role that requires early involvement, which isn't indicative of their value to the company.

Starting with purpose makes the timing question answer itself. Rather than feeling pressure to include everyone at once, you can expand the circle as the transaction requires it. Confidentiality handled this way is a matter of sequencing rather than secrecy.

BEFORE YOU BRING SOMEONE IN

- [ ] What specific role will this person play?
- [ ] What expertise or judgment do they uniquely contribute?
- [ ] Will buyers want to meet with them?
- [ ] Will they prepare financial or operational information?
- [ ] What is the risk of involving them too early?
- [ ] What is the risk of bringing them in too late?
- [ ] Can they carry confidential information for 6-12 months?
- [ ] How does their involvement improve the outcome?

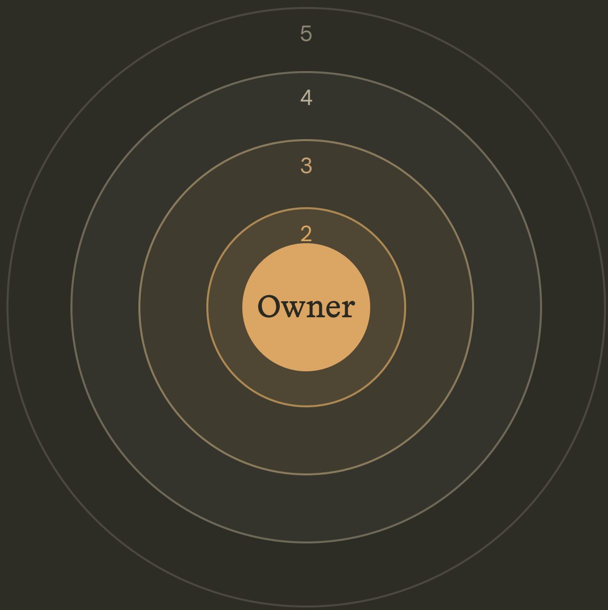
> If those questions are hard to answer, the timing probably isn't right yet.

OLIVEWOOD INSIGHT

Trust and timing are different things. Choosing not to involve someone today isn't a judgment about your confidence in them. It reflects where the transaction stands and whether their participation is needed at this stage. **Say that out loud when the time comes,** because people remember being brought in late and rarely ask for the reason.

THE EXPANDING CIRCLE

Confidentiality is a sequence, not a switch.



Ask who needs to know in order to move the transaction forward, rather than who should know. Not everyone who will eventually know needs to know today.

- ● **Owner** and outside advisors
- 2 Finance
- 3 Operating leadership
- 4 All employees
- 5 Customers, suppliers, community

STAGE	TYPICALLY INVOLVED	PRIMARY OBJECTIVE
One **Preparation** MONTHS 1-3	Owner(s), investment banker, M&A attorney, CPA, Wealth Advisor	Clarify goals, evaluate readiness, prepare the company for market
Two **Preparing for buyers** MONTHS 2-4	CFO or controller, select financial and administrative support	Organize financial information, build diligence materials, support requests
Three **Buyer engagement** MONTHS 4-8	COO, division and operations leaders, sales leadership, key executives	Management presentations, operational discussions, tours, diligence meetings
Four **Closing and transition** MONTH 8 FORWARD	Full leadership team, employees, key customers, suppliers, lenders, community	Lead the transition with clarity and consistency

TIMING IS ILLUSTRATIVE · PROCESSES COMPRESS AND EXTEND WITH PREPARATION, BUYER TYPE AND MARKET CONDITIONS

WATCH THE GAP →

Owners who delay involving a finance leader compress six weeks of data room preparation into two. Buyers read that as disorganization, which affects price and confidence.

Build around responsibilities, not titles.

Once you've decided why someone should participate, the next question is what they'll be responsible for. Some people organize financial information, others explain operations, others prepare presentations, and others become the trusted voice employees turn to after the announcement. Those are four different jobs, and the org chart won't tell you who is best suited to each.

Every person you bring in should understand why they were included, what's expected of them and why discretion matters. When expectations are clear, people contribute with confidence instead of wondering what they're supposed to be doing. Buyers notice the difference. One of the qualities sophisticated acquirers consistently comment on is whether a leadership team understands its roles and communicates without hesitation.

NAME A QUARTERBACK

One person other than you should own the diligence process day to day: tracking requests, chasing internal responses, managing the data room and keeping your advisors current. This is usually the CFO or controller. **Without it, the job defaults to the owner,** which is the most common reason performance slips during diligence.

TRANSITION TEAM PLANNER

WORKSHEET

INDIVIDUAL	WHY THEY'RE NEEDED	WHEN THEY JOIN	KEY RESPONSIBILITIES

WHO TO TELL

The two conversations that come first.

There's a question we hear in nearly every engagement: should I tell my CFO? Sometimes it's a COO, a long-tenured vice president, or a son or daughter in the business. The question reflects relationships rather than logistics. These are people who have solved hard problems alongside you for years. No formula produces the right answer, so work through each relationship on its own terms.

YOUR CFO OR FINANCE LEADER

For most companies the finance leader is the earliest internal participant. Buyers spend more time on financial performance, reporting, forecasts and capital-related analysis than on anything else, and an experienced CFO becomes the most valuable resource in diligence. Not every business has one. Some rely on a controller, some on an outside firm, and in many founder-led companies the owner knows the financial story best. **Consider the role rather than the title.**

CONSIDER EARLY INVOLVEMENT IF	CONSIDER WAITING IF
Financial reporting is complex or spread across entities	The process is still exploratory
Significant cleanup is required before going to market	Outside advisors can prepare what's needed
The individual will participate in buyer meetings	Their responsibilities begin in later stages
They've shown sound judgment with confidential matters	Early disclosure adds uncertainty without adding value
Their involvement materially improves the quality of the process	You aren't yet confident they'll stay through a transition

YOUR OPERATIONS LEADER

Operations leaders become invaluable once buyers start evaluating how the business actually runs. They understand production, know where the bottlenecks are, and can explain capacity, supply chain, quality systems and improvement initiatives with a credibility no presentation achieves. Buyers appreciate hearing it from the person responsible for executing every day, and that perspective usually validates what the owner has already told them.

Three harder calls.

Your sales leader

Buyers aren't acquiring financial statements. They're acquiring future cash flows, which means they want to understand the customer relationships producing them. Sales leaders explain customer concentration, retention history, pricing strategy, pipeline and competitive position.

Buyers also request conversations with selected customers late in the process, on your timing, so prepare your sales leader for it.

> **The complication:** sales leaders are among the most likely to leave, and a departure during diligence is disruptive. Weigh involvement against retention, and see page 08.

Human resources

HR leaders matter most as closing approaches. Their work covers employee communication, benefits transition, organizational planning, retention arrangements and the questions that follow an announcement. They frequently become the most important communicator in the building during the first month, which argues for bringing them in **before** the announcement rather than the day of it.

Family members in the business

Family businesses add a layer. Sometimes family members hold formal leadership roles and sometimes they don't; sometimes ownership and management overlap. Base the decision on the role each person will play, not the relationship.

Transactions with multiple family shareholders need a separate communication plan, built early. Disagreement surfacing mid-diligence is difficult to contain and visible to buyers.

THE RULE → *Titles don't determine your transition team. Responsibilities do.*

You're asking for a year of extra work under pressure.

You're asking people to carry confidential information, absorb a heavy workload on top of their day jobs, and help sell the company they work for while their own future is unsettled. Most owners want to do right by them, but few put it in writing before the work begins, when it costs least and means most.

MECHANISM	WHAT IT DOES	TYPICALLY TRIGGERED BY
Transaction bonus	Pays for work performed during the sale	Closing
Stay bonus / retention	Pays for staying through a set date	6 to 18 months after closing
Severance protection	Pay and benefits if the role is cut	Termination within a stated window
Change-of-control provision	Protects existing awards on a sale	Closing
Phantom equity / SAR	Tracks company value, no real shares	Closing or a valuation event
Buyer-side retention pool	Buyer's own offers to key people	Negotiated in the transaction

QUESTIONS TO WORK THROUGH

- [ ] Who is critical to closing, and who is critical after it?
- [ ] Who pays: from the proceeds, the buyer, or both?
- [ ] How does this affect net proceeds? Has it been modeled?
- [ ] What happens if the transaction doesn't close?

ADVISOR'S PERSPECTIVE

There's no standard here, and the reasonable range is wide. Raise it with your banker, attorney and CPA early. **Handling it well usually comes down to whether the arrangement was in writing before diligence started.**

PREPARING YOUR TEAM

The conversation before the first buyer meeting.

Bringing someone into a confidential sale process invites them into one of the most significant moments in the company's history. Most executives have never been through an acquisition, and don't know what diligence feels like or what a private equity firm will ask. Without preparation, even strong leaders become anxious in ways that show.

Start with why	Owners often jump straight into transaction detail. Begin with context: why you're exploring a transaction, why now, and why you've chosen to involve this person. People who understand the reasoning approach the work with confidence.
Define the role	Cover what buyers will discuss with them, what preparation is expected, how often they'll participate, and who they'll work alongside. Ambiguity makes people nervous, not difficulty.
Explain confidentiality, and why	Rather than asking someone not to discuss the transaction, explain what's at stake. Employees notice changes and competitors pay attention. People who understand the purpose behind discretion are more likely to maintain it.
Set expectations about rhythm	Transactions move in waves, with bursts of activity followed by quiet stretches that feel like something has gone wrong. Tell people that buyers ask difficult questions, timelines shift, and long silences are normal.

PROTECT YOUR OWN BANDWIDTH

Plan on the process consuming a meaningful share of your time for six to nine months, more during diligence. Decide now what you'll hand off and to whom. A missed quarter is the most common reason terms get revisited, and it usually traces back to the owner being pulled out of the business.

GO DEEPER →

For the buyer meeting itself, see our companion guide "**Playbook for the Management Presentation" for** agendas, preparation and sample questions.

CONFIDENTIALITY IN PRACTICE

Protect the business, not just the information.

Confidentiality is often treated as a legal matter. It's better understood as a leadership one, because what it protects is momentum, relationships and stability while the outcome is still unknown. Buyers change direction, financing shifts, and promising discussions end without a deal. Meanwhile the company still needs to perform.

WHO SIGNS WHAT

Prospective buyers
Confidentiality agreement before any information is shared

Internal transition team
Existing employment terms, plus a written acknowledgment where appropriate

Outside advisors
Engagement letters with confidentiality provisions

Contractors and consultants
Individual NDAs before data room access

INFORMATION TIERS

Not everyone on the team needs the same access. Most processes work with three levels, set in the data room rather than granted broadly.

1. **Full access** — owner, banker, finance lead
2. **Functional access** — leaders responding in their own area
3. **Briefing only** — context, no documents

When people start noticing

Unfamiliar visitors appear, conference rooms are booked more often, executives travel unexpectedly, and the accountants seem unusually busy. Curious employees connect those dots. It doesn't mean confidentiality has failed, it means people are observant. Be ready with an answer rather than composing one under pressure.

Consistency

Inconsistent answers create more uncertainty than no answer at all. Your leaders don't need identical talking points, but everyone should know who speaks for the company, what can be shared, what stays confidential, and when a question should come back to you.

OLIVEWOOD INSIGHT

Confidentiality isn't measured by whether rumors exist. It's measured by whether leadership stays calm, aligned and deliberate when they do.

Language worth agreeing on in advance.

Most breaches aren't malicious. An executive mentions that things have been busy, a spouse repeats something harmless, someone notices unfamiliar visitors. Individually these are nothing. Together they build a narrative before you're ready to tell it.

IF AN EMPLOYEE ASKS DIRECTLY

> *"We're always looking at ways to strengthen and grow the business, and that includes conversations with outside parties. If anything changes that affects you, you'll hear it from me directly, not through rumor. Bring questions to me rather than around the building."*

IF A CUSTOMER ASKS

> *"Nothing about our relationship or our commitments to you is changing. We're always evaluating how to invest in the business for the long term. If that ever changes anything for you, you'll hear it from me first."*

IF SOMEONE ASKS ABOUT THE VISITORS

> *"We work with outside advisors on a number of projects. Some of them involve the plant, so you'll see people you don't recognize from time to time."*

Adjust the wording to sound like you. Each response is truthful, gives no confirmation, and directs the next question to one place.

IF IT LEAKS

1. Confirm what's actually circulating, and how widely
2. Tell your banker and attorney the same day
3. Decide whether to accelerate the announcement rather than deny
4. Speak to your leadership team first, before any broader message
5. Address it directly with employees; don't let silence be the first word
6. Notify major customers personally or via a senior relationship owner if the rumor has reached them

LEADING THE ANNOUNCEMENT

The last leadership moment under your ownership.

Every transaction reaches the point where confidentiality gives way to communication. Documents are signed, ownership changes hands, and the team that spent months protecting information takes on a different job: leading people through change. Those first conversations shape perceptions for years.

Your leadership team, first

Even leaders who have known for months experience closing day differently, because planning becomes execution. Bring them together before any broader announcement and cover what has officially happened, what can now be said, and the questions to expect. Then make one thing explicit: employees read body language before words. **Steadiness is contagious, and so is uncertainty.**

Your employees

Every employee hears acquisition news through a personal lens. Some think about job security, some about culture, most about what next Monday looks like. Very few think about multiples, and communication that leads with deal rationale misses the room.

They don't expect every answer on day one. They expect honesty. Share what you know, say plainly what is still being worked out, and remind them the business is valuable because of the people in it.

COVER THESE SIX THINGS

- ☐ Why this decision was made
- ☐ Why this buyer
- ☐ What is not changing
- ☐ What will change, and roughly when
- ☐ Where to direct questions
- ☐ What happens over the next 30, 60 and 90 days

OLIVEWOOD INSIGHT

Silence creates stories. In the absence of information people don't wait, they speculate, and the version they invent is almost always worse than the truth.

Outside the building, and the weeks that follow.

Customers

Customers ask one question: does this affect us? Answer it in the first thirty seconds. Reinforce continuity, name the people who will keep serving them, and say what the change makes possible. Your largest customers should hear it from you before a competitor tells them. Those conversations protect relationships that took decades to build.

Suppliers, lenders and partners

Suppliers, lenders and professional partners are routinely overlooked, and many have supported the business for years. A short, direct conversation keeps supply chain and credit relationships stable. Make a list of who helped build the company alongside you, and work through it.

The first few weeks

The announcement isn't the finish line. Employees keep asking questions, customers look for reassurance, and leadership is more visible than it has been in years. Owners who stay engaged produce smoother transitions than those who step away at closing. Even when your long-term role is limited, presence in the early weeks provides stability that benefits everyone, including the buyer.

A SEQUENCE THAT WORKS

STEP ONE	STEP TWO	STEP THREE	STEP FOUR
Leadership team	**All employees**	**Key customers**	**Everyone else**
Morning of closing	Same day, in person	Within 24 hours, by phone	Suppliers, partners, community

ADVISOR'S PERSPECTIVE →

People remember conversations long after they forget announcements.

Buyer meetings and communication sequence.

Complete these with your advisory team once a process is underway. The messenger column matters more than the timing column.

BUYER MEETING PLANNER

MEETING	PARTICIPANTS	PREPARATION REQUIRED	TARGET DATE
Initial management presentation			
Facility tour			
Operations review			
Financial deep dive			
Customer discussions			
Follow-up sessions			

COMMUNICATION TIMELINE

AUDIENCE	MESSENGER	TIMING	PRIMARY MESSAGE
Leadership team			
All employees			
Key customers			
Remaining customers			
Suppliers			
Banking partners			
Professional partners			
Community / public			

Five questions worth sitting with.

This worksheet handles sequence and logistics. These are the questions owners tell us they wish they had answered earlier, and they're worth writing out rather than thinking through.

01 **Which conversation are you dreading most, and why?**

02 **Who will have the greatest influence on whether this transaction succeeds?**

03 **Which relationships deserve a personal conversation rather than an announcement?**

04 **What do you want employees to remember about how this was led?**

05 **Five years from now, what would make you proud of how you handled this?**

OLIVEWOOD INSIGHT

Most owners answer the first four quickly. The fifth usually takes a week, and it tends to change how they handle the other four.

CLOSING THOUGHTS

Every transition leaves a *legacy.*

Owners spend years preparing a business for sale, improving financial performance, strengthening the management team and positioning the company for growth. One responsibility remains after all of it: leading the transition itself.

Long after the purchase agreement is filed away, people will remember how they experienced this season. Whether communication felt honest. Whether leadership stayed visible. Whether relationships built over decades were handled with care.

THE FINAL THOUGHT

Every successful transaction begins with a small circle and ends with a larger community that understands where the business is headed and why. Owners who navigate that well don't just close transactions. They leave something behind that outlasts the day ownership changed hands.

HERE TO HELP → We're glad to talk through your transition plan, whether or not we're the ones representing you.