

## Triple Play: How can a business be sold in a confidential manner?

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Triple Play is a weekly NJBIZ feature that asks top executives in New Jersey to talk about three things related to their industry.

*Achim Neumann is Founder and President of A Neumann & Associates, LLC, a professional merger & acquisition and business brokerage firm headquartered in Atlantic Highlands.*



Achim Neumann

**We asked Achim how a business could be sold in a confidential manner:**

- 1 Proper preparation:** Company records have to be gathered, financial records assembled, a third-party valuation performed and marketing documents prepared. These documents should consist of a blind profile (to be seen by investors prior to qualification) and a full confidential memorandum (reviewed after pre-qualification). Without such preparation and detailed information, many investors will not proceed with an acquisition (but have learnt which company is for sale).
- 2 Investor pre-qualification:** It is important to thoroughly pre-qualify investor inquiries. A non-disclosure agreement should determine the investor's management capabilities and a full financial disclosure. If the investor does not have the resources to buy a business or lacks to management capabilities to manage the business, then there is little reason to disclose the name and location of the business.
- 3 Expedient closing:** In the due diligence phase, the buyer will want to verify information. Seller and buyer also will consult with an attorney and a CPA. This should be done as quickly as possible as the longer this process takes, the higher is the risk of a confidentiality breach.

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