

How to manage goodwill during a sale

The time has come. You've decided to sell your business. You know that a great deal of your business's value comes from your existing client base. The potential buyer, whoever he may be, may not want your building, your processes or your company name, but he will want the revenue stream that your customers generate.

This should be a serious consideration during the search for a potential buyer and throughout the transition. You'll maximize your company's value if you can demonstrate that your clients are loyal and will likely remain so.

To increase the chances that your clients will stay, here are a few things they will want to know:

What will change? Clients hate surprises. Most people can deal with change if they know what to expect. Too often, businesses pretend that everything will stay exactly the same, when, in fact, they know it won't. It's important when you select a buyer that you consider the things that need to stay the same for your clients to stay in the fold.

If your clients buy from you primarily because of personal service, that should be a serious consideration in selecting the new owner. If the new owner's model is automation instead of personal service, your clients aren't likely to stick around for long. They may migrate to a new model over time, but the change in ownership gives them permission to look elsewhere. A change in service philosophy will reinforce the desirability of looking.

What will stay the same? Many advisers will tell you to focus on this section when you talk with your clients about the change. This is important because it tends to comfort clients, especially if they feel that you've been honest with them about the things that WILL change. How long will you continue to be present? Will the people they've been used to dealing with stay with the new entity? Will phone numbers and e-mail addresses be the same? What about credit policies and billing practices? It is often to your buyer's benefit to keep as much the same as possible, at least until the transition is successfully completed and clients get used to the new particulars.

Well-planned, gradual changes will certainly occur over time, and your clients can embrace those – so long as they don't happen all at once.

Why is the transition being made? Research tells us that people will accept a request or decision more readily if they know why it was made. Certainly, those customers who have close relationships with you will want to know what is driving the decision. You have to determine how much or how little you're willing to share.



It's always best to tell the truth. For example, perhaps you've decided to sell because you have been running thin on capital and you don't know how long you'll be able to keep things going. That might be more information than you want to share, but you could also say that you know the company will be in a better competitive position with the buyer that you've found, and you want to see the company do well for many years to come.

You decide what you want to share, and be consistent. Your clients will likely feel better about your decision if they are given a reason for it.

What is the time frame? When to tell clients is always a dilemma. It is customary to say nothing until the deal is done. It is often in the buyer's and seller's best interests to minimize the number of people involved in the process.

Once the deal has been made, it's important to inform your clients as soon as possible. Have a plan in place for how long you will remain with the new entity. How long will their current salespeople handle their accounts? Think about all the touch points that affect your clients, and try to give them a timeline so they will be in the loop as changes occur. As with most changes, communication is key. Your transition plan should include a detailed communication plan. You want your clients to feel good about the changes.

Communicate the benefits that will make this good for your clients. Be honest with them. You've built up goodwill over all the years you've been in business – don't compromise it now.