

## How to Circumvent Three Legal Mistakes Sellers Make

After decades of hard work, selling your business can be an exciting and rewarding time. Yet, many business owners overlook the importance of focusing on the legal matters associated with sales. In this article, we'll explore three of the most significant mistakes sellers make.



### 1. Use an NDA

The first critical mistake that business owners should be guarding against is skipping the use of a non-disclosure agreement. Simply stated, a business owner should always make sure that a non-disclosure agreement is in place before disclosing to any buyers that a business is on the market.

NDA's stand as an invaluable way to restrict who does and does not know your business is for sale. After all, the last thing any business owner looking to sell his or her business wants is for competitors or employees to learn confidential information.

### 2. Hire an Attorney

The second critical mistake that many business owners make is they skip working with an attorney. There is no way around the fact that if you are selling a business, or for that matter anything of significant value, you need to work with a lawyer experienced in the area of sales.

Business owners become accustomed to doing a great many things themselves and learning on the job. There is no doubt that this is a personality trait that has served them well over the years. However, when it comes time to sell your business, there is zero room for "on the job training" or relying on your own instincts. One of the best ways that you as a business owner can protect your future is to work with a lawyer when selling your business. In fact, a Business Broker or M&A Advisor can be a vital resource for helping you to find a proven lawyer with a background in the buying and selling of businesses.

### 3. Get a Letter of Intent

A third significant mistake that business owners frequently make when selling their business is that they fail to get a letter of intent. Much like an NDA, a letter of intent is a key legal document in the process of selling a business. All too often business owners will skip requesting a letter of intent out of fear of slowing down the process and potentially disrupting a deal.

The letter of intent is designed to both clearly spell out expectations, while simultaneously protecting your interests as a business owner. When a buyer signs a letter of intent, it indicates that he or she is taking the process seriously. This will protect you from wasting your time.

The process of buying or selling a business is complex in many different ways. Whether it is dealing with human psychology, organizing your books, thinking about what information prospective buyers are likely to want to see, or addressing a wide array of legal issues, it is a complex and time-consuming process. Working closely with a Business Broker or M&A Advisor is one of the fastest ways that you can increase your chances of a successful sale.



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