

## **The Top Three Major Legal Mistakes to Avoid During a Sale**

The business sale process can be complex, which is part of the reason why it makes sense to have expert help in the form of an M&A Advisor. Legal mistakes can be very costly mistakes. A legal mistake can also bring the entire sale process to a sudden and complete halt. Let's take a closer look at what you can do to avoid these kinds of issues when selling your business.



### **Major Mistake 1 – You Skipped the Non-Disclosure Agreement**

Nothing quite invites trouble like skipping the non-disclosure agreement. If a deal falls through, then you have the NDA backing you up. This document ensures that the prospective buyer doesn't tell the world that your business is up for sale. Never assume that a deal is going through until it actually is 100% complete. Buying or selling a business is a complex process with lots of moving parts. There is plenty of room for things to go wrong, and that is why you always need to have an NDA in place.

### **Major Mistake 2 – You Don't Work with an Attorney**

Let's be very blunt here, if you are selling a business, then you need an M&A Attorney. Just as there is no replacement for an NDA, the same holds true for working with a lawyer. It is also vital that you properly prep your business for sale, which means getting paperwork organized and making sure that you have legally checked all your boxes. Working with an experienced and proven attorney will help you ensure that your business is ready for sale. If you're not prepared for the deal, it can make buyers nervous.

### **Major Mistake 3 – You Failed to Get a Letter of Intent**

A letter of intent is a valuable, and necessary, legal document. Some sellers are reluctant to use it, fearing that it will slow down the momentum of the deal. However, since this letter works to protect your interest and outlines expectations, this step should not be skipped. For example, a letter of intent details the termination fee for the buyer, meaning that the buyer can't walk away without

consequences simply because he or she is having a bad day. Importantly, a letter of intent ensures that you are only dealing with serious buyers.

Many things can go wrong while selling a business. The more prepared you are before you begin the process, the greater the chances that you will not only avoid headaches, but also be successful. Long before you put your business on the market, you should begin working with a capable M&A Advisor and M&A Attorney. Their input and advice will prove to be invaluable and help you avoid a range of costly and time-consuming issues.

*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](mailto:gpapay@ckbc.net) or visit our website @ [www.ckbc.net](http://www.ckbc.net).

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