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## Attorney Selection for Business Deals

by Neal Isaacs, Owner VR Office in Raleigh, NC

As a business broker I answer a lot of questions about how to sell a business. One of my FAQs that I share with all business owners planning to sell is "Do We Use My Guy Or Yours?" While the "guy" could be a "gal," the question is all about attorney selection. The point of that FAQ is that sellers must have legal representation when selling a business, whether it's someone they already know or someone I'm going to recommend.

**Here are some considerations when picking the right advisor for legal council when selling a business:**

### Only Consider A Business Attorney

Attorneys normally have a specialty; they come in all flavors. Business attorneys, also called contract law specialists, "do deals" which is what a seller needs when selling a business. Family law, real estate law, or other non-business specialists are great for those needs, but business owners need a business attorney with experience in doing business deals to sell a business. Although some attorneys do have complimentary dual skill set that may help if an owner has a business that is transitioning within an estate, for example, focusing on finding a business attorney will be your best bet.

### Normally Legal Fees Cost Around 1-2% of The Proceeds Of A Sale

It's an investment to get good help, but sellers don't have to overpay for legal council. It's wise to invest enough to know that an attorney is "vested" in your deal and will be there for a seller if things take more attention than planned. Deals go sideways sometimes, and this can be where attorneys can make a difference. Sellers get what they pay for, so cheaper is not always better especially when it comes to experience.

### Sellers Should Feel Comfortable With Their Attorney

According to a reputable survey by the International Business Brokers Association and Pepperdine University, a seller could have a baby in about the same amount of time that it takes to sell a business, and nearly half of that time will include the stages that an attorney will be involved.

A seller will be working with their legal counsel for a considerable amount of time, therefore it's important that they feel they can relate and trust their attorney. It is important that there is an understanding of the motivations to sell, and they are comfortable asking questions. I ask attorneys to "dumb it down" for me all the time, because I know that attorneys have created their own language that "common folk" like me aren't supposed to understand. Many people aren't comfortable asking their attorney's to break things down to a level that a level that a non-attorney can fully understand, but it's important that a seller feels confident enough to do this.

### Watch Out For "Red Flags"

While most attorneys are great, I've met a few that weren't. Lackluster attorneys can prevent a deal from closing.

A good business attorney will work with the broker to overcome objections from the buyer/buyer's attorney and get the deal done. After all this is what sellers hire them for. Bad attorneys may get hyper-focused on specifics of the deal that are not important to the seller, and don't spend enough time on the important things. Bad attorneys miss errors in their work like a contract form that references elements from a different business (attorneys reuse contracts and language so this is not uncommon).

Good attorneys are responsive to calls/emails. A good attorney will give a prospective client time to ensure that they are comfortable with them, to assess their legal needs, and to learn if the seller/attorney match is a good fit. Sellers considering hiring an attorney should have some prepared questions to learn if they are picking up on any red flags in an attorney's responses, to judge if the attorney is a good listener, and to find out if they seem like the right legal advisor to get the seller to the finish line.



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