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Exit Planning for Business Owners

The Ten Deadly Mistakes

Part Four:

The Business is Hit With a Massive and Legitimate Legal Claim and There is no Asset Protection in Place.

When we started this series, part one dealt with **The Sole Owner Dying or Becoming Permanently Disabled Without a Plan**. Next on the list was **The Business Experiences a Sudden, Catastrophic Loss and all of the Owner's Financial Eggs are in the Business, and Buy/Sell Agreements**. Now we will look at asset protection against legal claims.

Good housekeeping for every business should include an annual legal audit. Although this should be high on our list of priorities, it is an area that most of us in business neglect. We pay close attention to our physical health and little to the legal health of our business. A legal check-up will find problems that are still manageable and easy to treat, much like our physical concerns.

A legal audit will detect problems like an unhappy employee, problems with a vendor that could lead to litigation, potential IRS issues, areas of vulnerability that may be attractive to a litigious customer, inadequate insurance coverage, and anything else that may lead your business into litigation. Preventive maintenance will not only help protect you and your business from legal claims but will also enhance the value of your business.

Litigation exposure, environmental issues, and incomplete or non-existent corporate documents can all have an adverse effect on the value of your business. Keep legal files up to date, keep your attorney in your business loop, and be sure to include your attorney as part of your advisory team.

Two months before the end of your business fiscal year, an annual review of tax statutes, business value, and planning should be conducted with your CPA, attorney, and primary business consultant, all of whom should be members of your advisory team. Build a shield around your business to protect it from outside influences that could cause it serious harm.

Call Lou Kastelic at Jordan-Crandus, P.A. for a free initial consultation on business exit planning.

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