



Is Your House in Order? Succession Planning & Protecting Your Brand

<p>LEGAL, ACCOUNTING & ADVISORY SUPPORT</p>	<p>Legal Counsel</p> <ul style="list-style-type: none"> • Get experienced legal advisors involved early on. Hire legal counsel experienced in staffing transactions, not a real estate or estate planning attorney, to do the transaction. • Focus on the legal aspects to avoid any pitfalls.
	<p>Advisory Services</p> <ul style="list-style-type: none"> • Consider hiring an M&A advisor for expert guidance. They know the ropes. • Use their experience to navigate complex negotiations and get the best deal.
	<p>CPA Assistance</p> <ul style="list-style-type: none"> • Get great CPA assistance to make sure you squeeze the absolute most out of the deal. • Focus on tax planning and financial prep to maximize your returns.
<p>SET YOUR GOALS</p>	<p>Be clear about your goals.</p>
	<p>What are your main options?</p> <ul style="list-style-type: none"> • Pass on to family member(s) • Sale to employee(s) • Sale to a 3rd party • Hold and grow • Wind down
<p>STRUCTURAL & OPERATIONAL CONSIDERATIONS</p>	<p>Business Structure</p> <ul style="list-style-type: none"> • Look at your business structure. Is it an LLC? S-Corp? C-Corp? • Consider restructuring if it offers any tax benefits. This will be dependent on what the exit is anticipated to look like. • The business structure may affect the form of the transaction.
	<p>Compliance</p> <ul style="list-style-type: none"> • Is your business in compliance with all state & federal laws? • Are you up to date on all licenses or certifications that need it? • How are your workers paid? Classification of employees/contractors? W2/1099/K-1 • Sick/PTO policy and accrual • Website – Is it ADA Compliant?

**STRUCTURAL &
OPERATIONAL
CONSIDERATIONS**

Operational Footprint

- Is your business scalable? Can it grow easily?
- Optimize your office locations for better coverage.
- Who are your midlevel and upper-level management? Is reorganization of those employees warranted?
- Employee Agreements – Are key employees locked in with solid agreements? Do you have signed copies of those agreements?

**FINANCIAL HEALTH
& COMPLIANCE**

Financial Health Check

- Get your financial statements looking shiny and spotless:
 1. Type/frequency of financial statements – GAAP vs everything else. Internal vs External.
 2. Key areas in your financials to consider (accrued/deferred revenue and commissions, off-balance sheet liabilities, personal in nature items, etc.)
 3. Normalized EBITDA
- Prepare a thorough current and forecasted financial report.
- Review of Shareholder/ Partnership Agreements
- What is the status of your accounts receivables and payables? Any delinquencies?
- Demands, Litigation, Agency Charges/Complaints: Do you have any pending or threatened litigation by former/existing employees, clients, vendors or others?

Tax

- Review your tax situation. Are there ways to save a few bucks?
- Structure of company and state/local considerations including income/sales tax
- Understand the ins and outs of selling assets vs. selling stock.

**MARKETING &
POSITIONING**

Market Presence

- Make sure everyone knows how awesome your company is.
- Highlight your unique selling points.

Are you protecting your brand? (IP Protection - Trademarks, Copyright, Patents)

- Register and protect all your trademarks, copyrights and patents.
- Make sure your intellectual property is secure.

Customer Relationships

- Consider diversifying your customer base so you're not relying on just a few big clients.

Confidentiality Agreements and Covenants Not to Compete

- Non-Compete Agreements
 1. Update non-compete agreements to align with current laws.
 2. Ensure they are enforceable where needed.
- Confidentiality
 1. Keep things hush-hush with potential buyers.
 2. Protect your sensitive business info.

MARKETING & POSITIONING

Service Mix

- Focus on services that bring in steady, recurring revenue.

Key Agreements & Leases

- Ensure all client agreements are up to date.
- Verify if contracts can be transferred, assigned, or subordinated to someone else or another firm.
- What are the termination provisions?

Is Your Website in Shape?

TIMING THE SALE

Market Conditions

- Keep an eye on market trends and the economy.
- Pick a time when the market is in your favor. Is it a seller's market or a buyer's market?

Internal Factors

- Make sure you are ready and not just testing the waters! Pulling your company off the market could give the perception your business has issues and affect the value later.
- Plan the sale around your business' best performance periods. Sell high, not low.

REACH OUT TO US FOR MORE INFORMATION!



Diane J. Geller
Partner
Fox Rothschild
dgeller@foxrothschild.com



Heather L. Ries
Partner
Fox Rothschild
hries@foxrothschild.com



Brian Kennedy
M&A Advisor
R.A. Cohen Consulting
brian@racohenconsulting.com



Chris Noble
Partner & Leader
Anchin
chris.noble@anchin.com

