



Business workshop: 10 things to do before selling your business

October 14, 2013 12:16 am

/

Owing to low interest rates, possible tax increases and the growth of private equity, this may be a good time to sell your business. But before inviting anyone in to "kick the tires," there may be things you can do to minimize the impact of past oversights and prevent them from becoming major concerns.

- 1. Corporate stock and minute books:** Maintaining corporate formalities can be critical to maintaining the limited liability protection afforded to corporations, limited liability companies and limited partnerships.
- 2. Accounting issues:** Get your accountants to clean up your books and records as best they can, so that when due diligence teams come looking for issues, nothing will catch their eyes.
- 3. Unwanted letters:** If you've ignored a letter concerning a potential claim, get it to someone knowledgeable and have the issue resolved.
- 4. Assignability of contracts:** You may have a lucrative supply agreement or below-market lease that should command a handsome price at closing, but is your supply agreement or lease assignable?
- 5. Intellectual property assignments:** Do you own the copyright in your company's intellectual property? For example, if you retained a consultant (rather than an employee) to write your software or design your website, you might believe you own the copyrights. This may not be the case, particularly if your agreement with the consultant did not contain an assignment of the consultant's rights in the work.
- 6. Tax clearances:** It is not unusual for a tax report to arrive the day before closing showing that the state believes certain filings or taxes remain outstanding. You can instead order a tax clearance letter in advance and deal with any issues before.
- 7. Inter-mixing of personal funds:** It is not unusual for business owners to "advance" or loan funds to their companies, expecting to be repaid when cash permits, without documenting any of this.
- 8. Environmental issues:** If your company has received a letter or notice raising potential environmental concerns, or you're aware of such a condition, make certain you've done everything you were supposed to do to address the matter.

9. Related party contracts: While there's nothing necessarily wrong with having relatives on the payroll or payments to affiliated parties, make certain they are on "arms-length" terms.

10. Public relations/social media: People often give undue deference to what they see in public media, as if appearing in the paper or on the Web confers credibility.

-- Stuart R. Kaplan
Eckert Seamans Cherin & Mellott, LLC
skaplan@eckertseamans.com

Business workshop is a weekly feature from local experts offering tidbits on matters affecting business. To contribute, contact Business Editor Brian Hyslop at bhyslop@post-gazette.com.

First Published October 14, 2013 12:00 am