The Corporate Lifecycle
- Business and Tax Planning

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Overview:
Before the Cradle to After the Grave

- Conception (Idea)
- The Early Years (Startup)
- Teenager (Growth)
- Adulthood (Maturity)
- Mid-Life Crisis (Digression)
- End of Life (Exit)
- What’s Next (?)
Conception

Idea to First Appointment:

- Understanding role of advisor
  - Mentor – coach – support - guide
- Idea to implementation
- Understanding and communicating goals and dreams
- Establishing expectations
Common Issues:

- Ideas often need work
- Doing things yourself is a lot cheaper, but only in the short term
- Communicating the vision
- Believe Failure isn’t an option
  - According to Forbes – 80% of businesses started by entrepreneurs fail in the first 18 months
  - According to numerous sources, failure rate in certain areas (e.g., restaurants) can be much higher

The Early Years
Birth:

- Understanding role of advisor
  - Establish structure – advise – listen
- Theoretical issues become actual issues
- Decisions today can impact success or failure of the future
- New baby
- Choice of Entity

Choice of Entity:

- Sole Proprietorship
- LLC
- C Corporation
- S Corporation
- LLC Taxed as S-Corporation
Adolescence – Dollar $1 Profit:

- Understanding role of advisor
  - Tweak and implement ideas – advise – listen
- New issues arise
- Learning to say “Please” and “Thank you”

Common Issues:

- No money
- Shooting from the hip
- Doing things yourself is still a lot cheaper, but only in the short term
- No one understands
“The Change”:

- Understanding role of advisor
  - Be dynamic – listen – anticipate issues
- Maturing and growing up
- Know everything - but still a lot to learn
- Expand and understand foundation
Common Issues:

- Employees and employment taxes
- Understand compensation
- Taxes are real
- Equity structure
- Raising capital
  - Usually don’t marry first one you date

Adulthood
Getting Better with Age:

- Understanding role of advisor
  - Advise – plan – implement – listen
- Reaping fruits of your labor
- Day-to-day issues
- Large scale planning
- Working 9-5 and comfortable in routine
- Planning for what comes next

Common Issues:

- Taxes are not only real, they are expensive
- It isn’t just you anymore
- Relations with lenders and investors
- Wondering about what comes next
- Believing that the hard part is behind you
Mid-Life Crisis

4 Door Sedan – Nah
Where is the Sportcar:

- Understanding role of advisor
  - Hold on – be a sounding board – give good advice - listen
- Next best thing – better than sliced bread
- Harebrained schemes, often involving tax structures
Common Issues:

- Rarely come out the other side unscathed
- Things often don’t go the way you think they will
- Lawsuits can be a very bad thing
- Picking up the pieces

End of Life
Saying Goodbye:

- Understanding role of advisor
  - Evaluate – plan – advise – listen
- Exit structures and strategies
- Not easy to say goodbye

Options for Exit:

- Many different options
  - Transition planning
  - Asset Sale
  - Stock Sale
  - MBO
  - ESOP
Pros/Cons

- Transition planning
  - Timeline – preparation – cost
- Asset Sale
  - Tax issues – contract issues – surviving business
- Stock Sale
  - Tax issues – operational concerns – liability issues
- MBO
  - Ease – valuation
- ESOP
  - Cost – regulatory hurdles – complex – valuation

What’s Next
What’s on the other side?:

- Understanding role of advisor
  - Options – directions – listen
- Life after a non-compete
- Born again to do something else.........or do same thing again

Closing Thoughts
Questions?

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