

Is Your Buy-Sell Agreement Up to Snuff?



Presented by Jim Kahrs
President, Founder



In This Seminar

- Introductions
- Buy-Sell vs. Partnership Agreements
- Key Elements
- Goals
- 6 Things You Must Know
- Major Concerns to Address
- Your Questions



Jim Kahrs & Prosperity Plus

- 35+ Years in Business Systems
- Started Prosperity Plus in 2001
- Achieve Your Goals by Improving Profit, Cash Flow & Growth
- M&A, Succession Planning
- Marketing Programs
- Consulting based on Experience + highly successful Hubbard® Management System & Value Builder System®

What is a Buy-Sell Agreement?

“A binding agreement used by sole proprietorships, partnerships, and close corporations that governs what happens to an individual’s ownership interest when that individual withdraws from the business, dies or becomes disabled.”

Cornell Law School



Shareholder Agreement?

“A binding agreement between the shareholders of a corporation defining the shareholders’ rights, privileges, protections and obligations. The shareholders’ agreement usually includes the corporation’s articles of incorporation and bylaws.”

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Key Elements

- Require agreement at a point in time
- Define conditions or events that trigger buy-sell provisions
- Determine the value of the business
- Specify financing arrangements

What They Accomplish

- Provide a market/plan for illiquid shares
- Maintain value
- Provide exit for shareholders
- Provide continuity for business
- Create certainty for future direction
- Handle diverging interests

6 Things You Must Know

- Develop Early
- Include a Valuation Clause
- Less Emotional Impact
- Include Ground Rules
- Valuation Methods Matter
- Tax Implications

Forbes

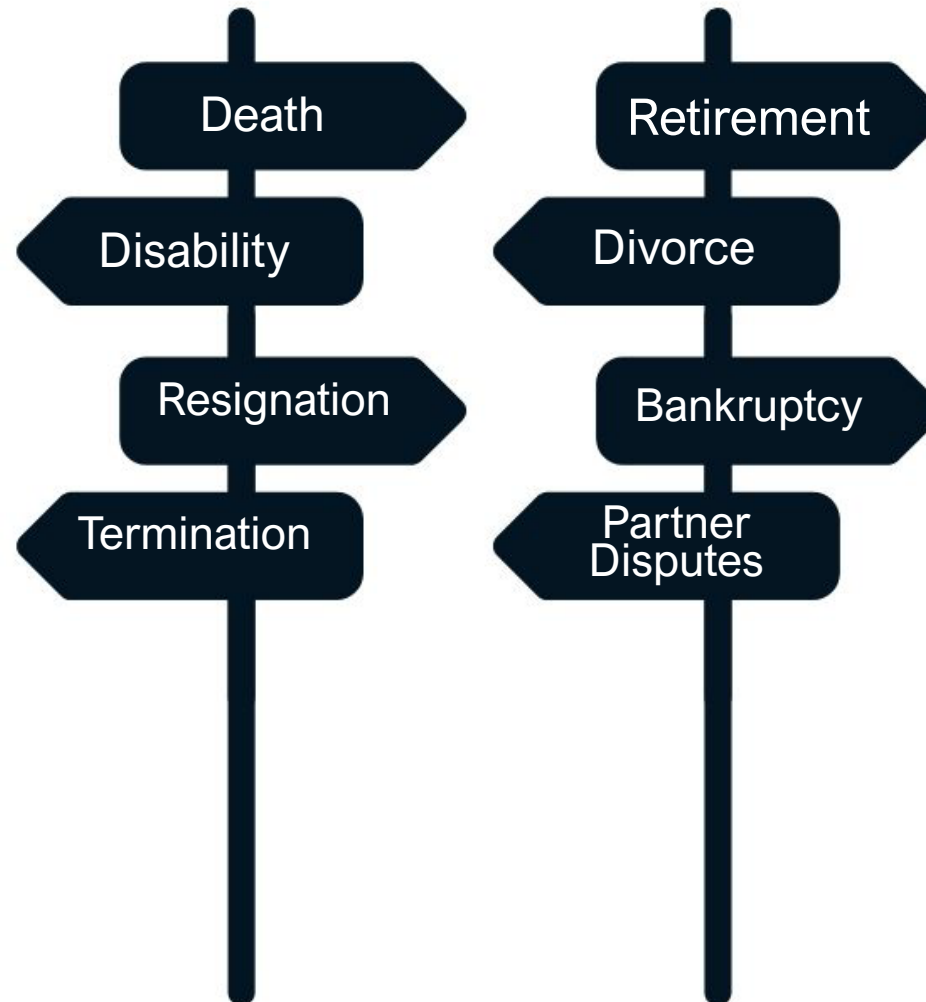
Who's Involved?

- Business Attorney
- Tax Attorney
- Valuation Advisor



- Accountant
- Financial Planner
- Business Advisor
- Insurance Broker

Most Common Trigger Events



Other Concerns

Valuation Methodologies

- Fixed
- Formula
- Open Ended

Valuation Process

- Defined in Advance
- Avoids Future Conflicts When Done Right



Where to Next?

- Consider Short- and Long-Term Goals
- How Different Are They Among Owners?
- Consider Each Family's Needs, Desires
- Have Agreement? Review it Regularly
- No Agreement? Start Now!

Up Next

Feb 23 at 1 PM Eastern

How to Produce a Worry-Free Webinar

With Tim Votapka



March 16 at 1 PM Eastern

The 4 Stages of a Business Sale

With Jim Kahrs



May 1 – 4 – FSPA Conference

Fort Myers, Florida

And Now, Your Questions



Use Console Now or
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