

## BUSINESS CHECK-UP CHECKLIST

Here are some questions to ask yourself  
whether you are a startup business  
or have been in business for 100 years:

### 1. What is the form of your business?

- a. Sole proprietorship
- b. Partnership
- c. LLC: if so how is it taxed?
  - i. Single-member
  - ii. Partnership
  - iii. C corporation
  - iv. S corporation
- d. Corporation
  - i. C corporation
  - ii. S corporation
- e. Limited liability partnership (LLP)
- f. Limited partnership (LP)
- g. Limited liability limited partnership (LLLLP)

### 2. What is the ownership structure

- a. How many owners?
- b. All treated the same, all work in the business?
- c. Do you have a buy sell agreement?
  - i. If so is it funded?
  - ii. What happens if someone dies/disabled/quits?
- d. Potential future owners?

### 3. How do you balance debt versus equity?

- a. Types of equity
  - i. Common stock
  - ii. Preferred stock
  - iii. Convertible debentures
  - iv. Stock options
- b. Equity issues
  - i. Securities registration or exemption
  - ii. Selling across state lines
  - iii. Selling to insiders
- c. Borrowing money
  - i. Personal guarantees
  - ii. Security interests in assets





#### **4. Do you have the correct Licenses and Permits**

- a. Business license
- b. Doing business in multiple states?
- c. State or local regulation

#### **5. Have you assessed Risk Management?**

- a. Property and casualty insurance
- b. Liability insurance
- c. Worker's compensation
- d. Business risk insurance
  - i. Employee dishonesty
  - ii. Employment practices
  - iii. Directors and officers liability
  - iv. Business interruption

#### **6. Are you neglecting Business Formalities?**

- a. Bylaws, operating agreement, partnership agreement
- b. Corporate directors and officers
  - i. Do you have the right number?
  - ii. How are they elected and removed?
  - iii. Titles really mean something, be careful
- c. Are you documenting meetings with minutes?
- d. How are you signing documents
  - i. Business name and title
  - ii. Personal name
- e. Are you consistently separating Personal Assets from Business Assets?

#### **7. Are you minimizing potential Employee Issues?**

- a. Hiring issues
- b. Application questions
  - i. Interview questions
  - ii. References/background check
  - iii. Immigration
- c. During employment
  - i. Wage and hour compliance
  - ii. Policies and procedures manuals
  - iii. Noncompetition agreements
  - iv. Job description
  - v. Protecting intellectual property

## 8. Benefits

- a. On termination
  - i. Discriminatory enforcement
  - ii. Withholding pay
  - iii. Employment at will
  - iv. Documentation
  - v. Severance agreements
  - vi. Unemployment
  - vii. References

## 9. Are you protecting your Intellectual Property?

- a. Trademark/service mark
  - i. Protection by usage
  - ii. State or federal registration
- b. Copyright
- c. Patent
- d. Trade secrets
- e. Confidential information

## 10. How do you control the interaction with customers/clients?

- a. Contracts
- b. Warranties
- c. Claims
- d. Collections

## 11. How do you deal with vendors?

- a. Contracts or not
- b. Personal guarantees
- c. Leases

## 12. Exit strategy — How do you get out of business now that you are in?

- a. Buy/sell agreement between owners?
- b. Sell the business as a going concern?
  - i. To local competition
  - ii. To interests outside the area
  - iii. To employees
- c. Pass to the next generation?
- d. Die and disappear?

