



## LEGAL

(Internal Driver)

You have in place:

- A Buy/Sell Agreement
- Sales and Capital Contracts
- A Process to Deal with Legal Issues that Arise...

Right?



You have all legal matters in order, documented, and your company follows best practices. There are no claims for or against your company, you have a process to handle potential liability issues, you have contracts with key customers, suppliers, advisors, contractors, and employees, and you have agreements with all investors. Whatever the legal issue, if there is one, now is the time to bring it up. Often, your advisor may shy away from asking a legal question in a first-pass conversation. However, you should take the holistic approach to understanding the Operational structure of the business, and that all areas are covered.

Having legal issues can hamper the entire operation of the business and devalue its position. Even unintended liability or issues not dealt with but which could arise at any time can hurt your enterprise value. There are four areas which indicate whether or not you are properly prepared and covered:

- Litigation: There are no claims for or against your company, or its employees, resulting in formal proceedings.
- Process: You have a process to handle potential liability issues.
- Contracts: You have well-organized and documented contracts with key customers, suppliers, advisors, contractors, and employees
- Capital: You have well-organized and documented agreements with all investors/parties (both internal and external), who have provided capital to the company in any form.



**GOAL:** *Become legally prepared (and sleep easier).*

- *If you don't have legal counsel, get it.*
- *Explain your business and situation. Let the lawyer ask questions about the various aspects of your business. They should have a laundry list of litigious areas which could cause trouble.*
- *Be prepared to be honest and open. Your lawyer will want to see documentation. Anything lacking will need to be prepared.*
- *Protect yourself with appropriate insurances. Even when agreements are seemingly ironclad, frivolous lawsuits can be expensive. Insurance might cover these costs if you can demonstrate legal preparation and due diligence.*