

# OUR PRACTICE

---

## Business Succession Planning

**Baker Donelson advises clients in any industry, and throughout the United States, on business succession planning, which involves planning for both voluntary and involuntary transfers of the ownership, management and/or assets of a business.**

Ideally, business succession planning should begin at the time a business is created, when the business entity's formation documents are being drafted. However, with ownership's cooperation, a business may implement a sound succession plan at any point in its life cycle.

We assist clients with achieving a full range of business succession goals, including:

**Control of a business.** In order for a business to survive and thrive, it's often important that control of a business remains with those owners actively participating in its operations.

**Transfers of ownership.** We provide counsel regarding the orderly transfer of the business to later generations, selling a family-owned business to unrelated purchasers, incentivizing key employees with equity compensation, as well as restricting transfers of ownership interests in the business.

**Buyout triggers.** Lawyers on our team work with clients to design buyout triggers which address unwanted or involuntary events that could negatively impact the business and its remaining owners such as deadlocks in voting over major operational decisions, death, disability, retirement, employment termination, the unauthorized transfer of an ownership interest, bankruptcy and an owner's breach of the business' organizational documents.

**Financial planning.** We advise clients on a full range of financial issues related to business succession, including how to ensure that any succession plan results in optimal tax results, defining buyout valuation mechanisms to avoid disputes over appraisers and valuation formulas, providing a viable funding mechanism for the buyout purchase price and other financial issues such as how a succession plan can provide income for spouses of deceased owners.



## Representative Matters

- Advised high net worth client on estate and business succession planning, which included the development of a structured plan for efficiently gifting business and non-business property to second and third generations.
- Restructured family business corporations, LLCs and other enterprises for better income tax efficiency, succession planning, and gift and estate tax planning, including obtaining private letter rulings on preservation of S corporation status.
- Advised a commercial and industrial service company and its sole owner on personal estate planning and business transition planning, including selecting the appropriate entities, creating operating agreements, handling the acquisition of a service company, preparing personal planning documents and consideration of transition plans including an ESOP, potential sale to an outside entity and sales of business interests to family members.
- Advised four-generation family-owned manufacturing business (annual sales of approximately \$30 million) with business succession planning.

- Prepared numerous limited liability companies and trusts to transition the operation and transfer the ownership of real estate, active businesses, oil and gas interests, and other assets to accomplish orderly and tax-efficient transfers to the next generation of managers and family members.
- Advised business owners with sale of their businesses with transaction values of approximately \$2 million to \$15 million.
- Prepared a generation skipping trust designed to hold family business interests.
- Advised family-owned business in beverage industry with respect to intergenerational transfer tax planning.