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ATTORNEYS AT LAW

Would Your Business Pass a Physical?

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Each fall our partners take some time away from the business to think about the big picture. We reflect on the past year, and plan for the future. Like going to the doctor for an annual physical, we also do an internal “check-up” to assess the health of our organization. Many of our clients who own businesses ask us what should be reviewed, addressed and considered each year as part of an annual check-up. Here are a few items we recommend that every business and business owner consider.

- Make sure you file your annual statement with the State of Michigan. If you don't file your annual statement, you may lose the liability protection offered by your LLC or corporation.
- Review your Operating Agreement or Shareholder Agreement. Ask what major decisions may be on the horizon and how they need to be addressed? What problems could arise? How can problems be prevented?
- Is your succession plan in place? Do you need to update a buy-sell valuation?
- Do your employment applications, employment agreements or employee handbook need to be updated based upon changes in the law? The law is constantly changing as a result of legislation and court decisions. This can affect your employment agreements. It always amazes me when I review an employee handbook that was created “just a few years ago” and find many provisions that are unlawfully discriminatory or otherwise unenforceable.
- Review your lease, even if you lease from another entity you control. Be aware of lease renewal and termination requirements.
- Update your estate plan. Business planning and estate planning work together. Often I will bring one of our estate planning attorneys into a business planning meeting in order to obtain their perspective. It's helpful to work together as a team in this regard.
- Are you adequately insured? Do you have a disaster plan in place? A few years ago, the Grand River rose and we had flooding in the basement of the Grandville State Bank Building. Our disaster plan went into effect, saved us time, and also saved us from stress and anxiety because we knew we had a plan in place.
- Go over a Business Checklist to essentially audit the health of your business. We have one that we use, and it helps us spot potential problems before they become big issues.

There are many other areas that are addressed in a business check-up. However, the goal of the check-up is to assess the overall health of the company, address areas of potential legal exposure, and allow you to rest assured that you've done your best to stay out of an expensive lawsuit that could have been avoided. Sometimes lawsuits are necessary and become a business decision, but many times the best approach is to plan to avoid them where possible. We're here to help you in that regard, leaving you focused on what you do best – running your business.