



# Business Formation

Rush Nigut

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# BUSINESS FACTORS

- NATURE OF YOUR ENTITY
  - S CORP HAS SEVERAL RESTRICTIONS
  - INVESTORS GENERALLY WANT C CORP





# SIZE OF ENTITY

- COMPLEXITY INCREASES WITH SIZE OF ENTITY
- FUNDING MECHANISMS





# VALUATION OF ENTITY

- FIXED PRICE
- FORMULA
- SHOTGUN
- RIGHT OF FIRST REFUSAL
- APPRAISAL





# RELATIVE OWNERSHIP

- IS THERE A DOMINANT OWNER?
  - MINORITY OWNERS MAY NEED TIME TO PURCHASE
  - LIFE INSURANCE MAY BE NECESSARY





# AGES OF OWNERS

- STRUCTURED PLAN FOR RETIREMENT
- COMPANIES RARELY PLAN FOR SUCCESSION





# **REVIEW FREQUENTLY**

- **REVIEW YOUR AGREEMENT  
ANNUALLY**
- **UPDATE IF IT NO LONGER  
MEETS YOUR NEEDS**





# TEAM OF ADVISORS

- ATTORNEY
- ACCOUNTANT
- INSURANCE PROFESSIONAL
- BUSINESS VALUATION  
EXPERT

