

CAPTIAL UNIVERSITY LAW AND GRADUATE CENTER

Business Planning

Jeffery D. Sammons

Spring Semester – Monday, 6:00p.m. to 8:00 p.m.

2014 COURSE SYLLABUS

Course Description

The course focuses on the role of the lawyer as an advisor to closely held businesses and their owners. Numerous case studies are used to expose the student to a broad range of structural planning issues and the practical and analytical challenges of the planning process. There is a heavy emphasis on planning traps and creative planning strategies. Different types of closely held businesses are analyzed, compared, and contrasted in case studies that raise important issues in co-ownership planning, enterprise funding, choice of entity planning, multiple entity planning, owner compensation, key executive planning, life insurance planning, structuring profit and capital interests, profit distribution planning and diversification, exit and business transition planning, employee relations and benefits, and retirement planning. Numerous drafting considerations and implementation mechanics also are reviewed. The course is designed to broaden the student's substantive knowledge on a broad range of issues and to help the student develop three essential planning skills: (1) the ability to identify and address business objectives, not just legal issues, (2) the ability to evaluate and apply specific strategic options, and (3) the ability to effectively communicate with non-lawyers.

Course Syllabus and Summary

I. Course Objectives

- A. To expose students to a broad range of legal structural planning challenges regularly faced by closely held businesses.
- B. To train students in the planning process – the difficult challenge of analyzing multiple legal and business issues for the purpose of designing and implementing strategies that address multiple and often competing objectives.
- C. To help students understand the need for creative, analytical thinking in the planning process and that over-simplified stock answers often produce poor or disastrous results.
- D. To help students develop three essential planning skills: (1) the ability to identify and address business objectives, not just legal issues, (2) the ability to evaluate and apply specific strategic options, and (3) the ability to effectively communicate with non-lawyers.

II. Course Management

- A. Reading and classroom emphasis is on identifying specific planning challenges and conflicts, analyzing relevant tax and non-tax factors, and evaluating specific planning strategies.
- B. Mini-case studies are used daily. Students are expected to (i) complete assigned readings, (ii) analyze case studies before coming to class and (iii) be prepared to discuss the case studies during class. Depending on the size of the class, time constraints, etc., each student may be required to make at least one verbal case study presentation to the class on his/her own.
- C. PowerPoint slides for each day's class discussion (excluding the case study answers) will be e-mailed to the class two or more hours before class each day. PowerPoint slides summarizing the answers to the case studies will be e-mailed following the class discussion or otherwise made available.

III. Summary of Substantive Course Content as contained in the text book*

- A. America's Closely Held Business – Big Picture and Trends
- B. Identifying and Prioritizing Client Objectives (one case study)
- C. Closely Held Business Classifications
- D. The Choice of Entity Challenge (eleven case studies)
- E. Organizing and Funding the Entity (five case studies)
- F. Entity Conversions: Unraveling Prior Choices (two case studies)
- G. Structuring Buy-Sell Agreements (seven case studies)
- H. Executing the Business Purchase and Sale (seven part case study)
- I. Employment Agreements for Key Employees (two case studies)
- J. Deferred Compensation Planning (two case studies)
- K. Strategies for Compensating with Equity (one case study)
- L. Business Life Insurance Planning (six case studies)
- M. Diversifying Business Profits and Wealth (two case studies)
- N. Competitor Collaborations (five case studies)
- O. Employee Compensation and Benefit Planning (two case studies)
- P. Protecting Employee's Rights (one case study)
- Q. Estate and Multi-Entity Planning Interface (one case study)
- R. Family Business Transition Planning (two case studies)
- S. Valuing Closely Held Business Enterprises (one case study)
- T. Building a Practice to Service Business Owners and Executives
- U. Ethical Issues in Advising Closely Held Businesses

***Note:** The text is designed for a 3 -4 hour class. Therefore, we will likely need to condense and/or omit certain of the above items as we progress through the book. Consequently, the students' interests in certain topics may be elicited.

Assignments and Grading: A Two Prong Approach

Prong One: The first prong is the "Memo Game". You have the option to submit written memorandums on case study problems. If you desire to participate for credit, you must submit a written case study memorandum for a designated number of classes. You may select the cases that you "write up," and you must submit written memorandums for cases 4-D, 9-A, and 10-B. Each case study memorandum must be turned in before the commencement of the class period in which the case study is scheduled for discussion per the class schedule. Each written memorandum must discuss the key challenges raised by the case study, analyze potential solutions, summarize a recommendation and the related rationale, and identify additional key facts that might impact the analysis. If you submit 8 written case study memorandums (including the three required cases) that receive a "pass" grade, you are guaranteed a grade of "B" in the course even if you elect to not take the final exam. The grade guarantee is raised to a "B+" if you submit 11 case study memorandums (including the three required cases) that receive a "pass" grade. If choose to submit 11 memorandums, you may choose two from one chapter twice. A pass/fail determination is made for each memorandum that is turned in. If a memorandum receives a "fail" grade, you will be notified by email within a few days of class. Notifications are not sent for "pass" grades, nor are memorandums returned or marked up for your benefit. Active and thoughtful class participation may improve your grade above the guaranteed level.

Prong Two: Your grade is primarily based on a take home final exam that will require written recommendations and supporting rationale for two case study problems. Additionally, depending on time, the size of the class, etc., it is anticipated that there will be 1-3 graded short writing assignments that will take the form of a planning, advice letter, or Memorandum to a client or another lawyer. Active and thoughtful class participation will represent 25% of the course grade.

Books

The text for the course is *Business Planning: Closely Held Enterprises*, (Fourth Edition, 2013 LEG, Inc. d/b/a/ West Academic Publishing. Also, students should have access to the Internal Revenue Code.

Attendance and Late Assignments

Because of the nature of the course work, attendance and participation are very important. I am required to take attendance. You must attend 80% of the classes unless other arrangements are made in advance.

Assignments turned in late will be penalized 10% for each day they are late, unless an extension has been obtained in advance. Work and travel considerations will be accommodated.

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