

ORANGE COUNTY BUSINESS JOURNAL

Business Trends - Preparing for Growth and Isolating Risk

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We've seen energized economic growth in recent months throughout the Orange County business community, which has helped to fuel the continuing growth of our practice. Transactional services that are often sought by clients in this environment include contract reviews, new entity formation, joint venture agreements, sophisticated payment incentives for executives and key management, and tax guidance for transactions.

In particular, we have experienced a steady increase of new business structure and reorganization engagements in the last 12 months. In this surging economy, we have been able to take advantage of legal opportunities for our clients and prepare for dramatic growth across multiple industries including B-to-B and B-to-C. For example, we have restructured clients existing corporations into a holding company with separate entities for equipment leasing, management and operation companies to service the same work that was previously administered in a single operation. This "silo effect" allows our clients far greater protections, opportunities, and tax benefits. Separating functions and assets within an operating business, allows owners to streamline employee benefits, isolate

risk, and shield assets from unnecessary risks. Separate functions also allow the business to explore new opportunities and joint ventures with systems and processes that scale with far greater efficiency and speed.

As California's increasing compliance requirements and exposure to employee claims catapult into turmoil for business owners, businesses need to mitigate ever increasing risks by grouping like kind assets and activities into separate entities. Employers also find that the separate business operations make employee incentives easier to reward and track.

Large cap businesses have been taking advantage of this system for decades. Now more than ever, mid-level businesses are seeing the need to take advantage of licensing requirements, insurance exposure, and general business opportunities. This issue and solution is not new in the market but previously was often reserved for businesses generating over \$100m in revenue; it is now more frequently made available to businesses making over \$10m in revenue.



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