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Unknown

You know, when these agreements are written, people don't pay a lot of attention to what's being written into it. Unfortunately, that's the truth. Shareholders agreement is supposed to cover a lot of stuff. It kind of just sign it and go. And if you have a bankrupt partner, you don't want that person to be a shareholder with you. That could expose the company's finances.

00:00:14:13 - 00:00:30:05

Unknown

Over time, there will be frustrations. If you don't give somebody 50% of your company or your business just because they're giving you money. I think people take the deals because they're desperate and then they regret it later. You got to know the partner you're getting into. I think you got to, like, talk to them before you get into partnership with them.

00:00:30:06 - 00:00:47:22

Unknown

Those are legal documents. Now you've signed it. Agree to it. Whatever it says, it says can't do anything. That's how the agreement was written. There was a third party investor who also wanted to come in, but they looked at it as a strategic investor, wanted to come in. They saw the structure like, no, that was not workable for us because 50% silent partner isn't going to do anything.

00:00:47:29 - 00:01:09:26

Unknown

You can't for somebody to sell something to you without an agreement. In that case, I believe a shot, because it'd be a very good way to sell. If you didn't have any of these things written into the agreement. Then I think you're kind of deadlocked.

00:01:09:29 - 00:01:20:23

Unknown

So last year, we worked on this super interesting file. Yeah. Right. And it was very. It was like an episode out of suits for me. Yeah. Because you had two partners.

00:01:20:23 - 00:01:42:16

Unknown

Business partners, Adam and John. Right. And just to give you a background, Adam is like Adam and John basically started the business. They were friends for, like, a very long time. Right? 25, 25 plus year old friendship. Wow. They started the business together. Been together for a long time. Their families knew each other. Families knew each other. Dinners, you know, kind of going to weddings for the children.

00:01:42:17 - 00:02:07:10

Unknown

Yeah. You know, really close knit families. Yeah. And, you know, money gets in the way and everything gets ruined. Yeah. So John and Adam started the business together years ago. And, you know, when they started, they were 50, 50 owners. And for the longest time, like, they worked really hard together. But over time, what happened was John started to do take over much more.

00:02:07:17 - 00:02:25:09

Unknown

You know, he continued to work for all the hours that he did. Yeah. You know, he his his family was working in the business, too. But then over time, Adam on the at the same time, he started like taking it easy, cutting back his hours, almost like semi-retired. And then now the business is only running because John is there daily.

00:02:25:11 - 00:02:41:26

Unknown

Yeah. And his children are there daily. And he's contributing a lot more into the business at that time. He's contributing to them, and without John, the business would basically fall apart. Yeah. Or at least that's what John. Yeah. And he also had his son involved. You're saying. Right. Son was involved. Like two children involved. Two children. Right.

00:02:42:01 - 00:02:45:16

Unknown

Adults. So.

00:02:45:18 - 00:03:05:29

Unknown

John's thinking. Well, it's unfair that I'm working so hard. Adam's taking it easy, and we're not. We're making still the same amount of money. Yeah, he's still taking his 50%, but he's not working as hard. He's not working as hard. So, like, why? This is unfair. Like, we should really get Adam out of the picture. So he's thinking about how am I going to make this happen?

00:03:06:01 - 00:03:41:00

Unknown

Right. So he looked at his shareholders agreement as an agreement between two shareholders, and they make it, you know, in in to determine a lot of decisions. Yeah. One of the one of the decisions that were written into the agreement was something called a **shotgun clause. A shotgun clause basically says that if any of the shareholders, Adam or John, can initiate the shotgun to say that you can put down the purchase price, you can say, I'm going to buy your shares of 50% at any time for the price I write to you.**

00:03:41:02 - 00:03:59:28

Unknown

**And you have one. You have one of two choices. Either you accept the offer and I'm near, or I'm basically the owner of the shares now, and I'm going to pay the purchase**

price I said I would. Or you can just say no, I will take the same purchase price and buy your shares and it's done. And then it's done.

00:03:59:28 - 00:04:24:15

Unknown

There's no negotiation, nothing. So whatever price is put forward, that's the price. That's the price. Either you accept it or you buy the other person. Right. Right. So John had given a lowball offer. Yeah. Thinking that Adam must have my. Adam has to accept this. Yeah. There's no other way. It was significantly low balled, right? It was. It was like I would want to say like 30, 35%, 40% lower, 30 to 40% lower than what average.

00:04:24:16 - 00:04:46:14

Unknown

What this business actually worth. Right. Right. So just to give you context, the business is worth 88 million. Yeah. And 50% would be worth three. 4 million. Yeah. But the offer was about less than three. Right. So John's like, well, this business cannot run without me. Adam's not about to come work for many hours that it takes to run the business.

00:04:46:17 - 00:05:06:07

Unknown

My family is so integrated into the business. The business needs me. Without it, it's nothing. Yeah. That's the angle he took. And he gave him an offer that was low balled because he was thinking like, well, Adam, the only way Adam walks out of any money is by selling it to me. There's no other way. But when Adam receives as well, he's probably like, well, I was in it for years, right?

00:05:06:09 - 00:05:23:26

Unknown

Like, well, think of it from an Adam's perspective. I did Adam's like, well, okay, I wasn't expecting that, but I got an offer. Yeah. From my own partner, my friend John, and he's

given me an offer of \$3 million. That sounds like a very good deal for me to buy him out instead. It was like a discounted price.

00:05:23:26 - 00:05:51:27

Unknown

Yeah. It's just, like, deeply discounted. Now he has unilateral right to just accept. Or buy John out. Yeah. Adam took the step of buying John up. Yeah. Well the company was making really good money right. So they were making I. I kid you not. They were making 2 to \$2.5 million a year. Yeah. In profits. Yeah. What's the payback period for Adam to make this?

00:05:52:01 - 00:06:16:09

Unknown

Make this a good decision? Yeah. One plus years of, like, profits. And he's paid back the money that he has to. Yeah. Hey, pay. John. Yeah. A significant discount for him. That's a huge discount, right? Why wouldn't you? But, like, he can't, like. I mean, John wasn't expecting. And the funny thing is, like, Adam comes out of retirement, Sammy's retirement, and now he's like, oh, I'm ready to go to work.

00:06:16:11 - 00:06:34:28

Unknown

Yeah. Right. And he didn't have money like, 3 million. The charging clause basically says you have 30 days to buy a rent or whatever. So, like, they had time. Yeah. In that time, he puts his house on mortgage. Or gets a home equity line of credit quickly. Adam scraped the money to get the 3 million.

00:06:35:00 - 00:06:50:08

Unknown

Gives it to John. And John is out and John's just out pushed out. He can't do anything about it. Can't do anything. That's how the agreement was written. So he lost his job.

Yeah. He lost it. The relationship is ruined. That's what happened. Yeah. In this case. And that's just crazy because they were friends for so many years.

00:06:50:09 - 00:07:11:24

Unknown

It's crazy. Like money got in the way. The friendship is ruined. Yeah. They have bad, you know, sour taste to each other. And, the, the, the some of the family members that John had working in the business, they were also let go shortly thereafter. What's crazy to me is like, they could have had a conversation before about how they felt.

00:07:11:26 - 00:07:30:28

Unknown

Yes. Yeah. I mean, there's so many ways to go about this. Yeah. There's so many ways to go about this because it's at the end of the day, it's a human element of, how you approach a problem. Yeah. John felt that he was unfairly being. He was. It was unfair that he's working so much, but he's only getting 50% of the profits.

00:07:30:29 - 00:08:04:11

Unknown

Right. Yeah. Whereas Adam seems to be getting the better deal. Yeah. Right. So I think that that that conversation of fairness. Had to have happened. Instead of taking the shotgun Claus approach. In in the hindsight for John is like maybe I should have like broached the topic by raising the issue. Yeah. And then having come to an agreement that hey there you come to work and put in the same effort as I am or let's figure out how you're going to be, you know, how I can buy you out because you don't have to trigger the shot.

00:08:04:17 - 00:08:22:07

Unknown

You don't, you don't. You can just negotiate a deal. Exactly. That's what I was trying to get at, is that they could have that conversation, negotiate that deal. But even when

you're getting into partnerships, it's important to have so many conversations upfront about all the different ways things can play out. So you're prepared. Yeah. Right. In this case, an exit.

00:08:22:10 - 00:08:41:14

Unknown

But there's different ways that this could have gone down. And it's unfortunate that it ended where it did. I mean, and yeah, unfortunate from the relationship point of view. Yeah. I mean, great deal that Adam got. Yeah. No great deal for him. You know relationship relationship is a human element, right? I'm sure like it's a great deal from a monetary perspective.

00:08:41:14 - 00:09:04:18

Unknown

But, you know, friendship was also lost. Friendship was lost. And then. But you know what they had, you know, when these agreements are written, people don't pay a lot of attention to what's being written into the unfortunately, that's the truth. What we normally see lawyers draft up a bunch of these agreements and, sometimes the lawyers, sometimes the clients will take interest in reading what's in there.

00:09:04:20 - 00:09:28:20

Unknown

Yeah. And they will they will, you know, try to figure out, okay. Like, is this a good, agreement between us or not? Because shareholder's agreement is supposed to cover a lot of stuff. Yeah. Right. Typically it has clauses or decision trees to a lot of decisions that should automatically be. It should be a guidance to you in terms of like if basically it's a if this then that.

00:09:28:22 - 00:09:51:26

Unknown

Yeah. And a decision tree. So for example if it says if there's a death disability bankruptcy of any of the partner. Well what happens. Yeah. If you don't have an if you don't have that agreement and if there's a death. Well, you don't want the beneficiaries of someone's, your partner's estate to now become your partner in the business.

00:09:51:26 - 00:10:11:09

Unknown

They have nothing to do with your business. Yeah. So, for example, let's just pick John for if, let's say Adam passed away, John wouldn't want to accept. Adam's a wife. Yeah. To become not partners in the business. Yeah. Because she doesn't have that business, that specific business knowledge to be able to write it. Nor does she maybe want to be right in the first place.

00:10:11:09 - 00:10:30:19

Unknown

So. Exactly. So like so like decision trees are like, written into the shareholders agreement. That's an example of what it would cover. Right. And if you have a bankrupt partner, you don't want that person to be a shareholder with you because that could impact that could expose the company's finances. Yeah. To the creditors, whoever they may be. So that's just an example.

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Unknown

Right. I think a lot of people enter those agreements not thinking about it because they're emotional. They're excited. If they're working with a friend, they don't know where their business is going to go. They kind of just sign it and they go, well, it does. It does look like an overkill. Sometimes when people are thinking about formalities of writing out an agreement with someone who you.

00:10:47:25 - 00:11:09:06

Unknown

Yes, who you think you really know. Yeah. But then there's a lot of unknowns, like future events that might happen, if you die or whatever, like, you know, well, you don't know that. And when you. When that might happen. Yeah. Or like, if, if there's other unfortunate events like I think you should as a backup at least put, you know, the good do's and don'ts.

00:11:09:08 - 00:11:28:11

Unknown

Yeah. Have the safeguards in place and talk about the different things that could happen in the future. And even though it might be a difficult conversation and feels like an overkill, it's better to have it than not. Especially when you see situations like this. Because they were friends, right? Yeah. Yeah. Yeah. There's so many good things that that a shoulder is gonna regret.

00:11:28:13 - 00:11:43:02

Unknown

Also has. Right. Like. Well, what is the valuation of the company if you want to buy each other out? Yeah. In the case of the shotgun clause that we were talking about, it didn't give any mechanism. It just said, whatever. Whoever offers one thing has to be accepted. Yeah. You can you can basically write in a number and that's it.

00:11:43:02 - 00:12:01:01

Unknown

You could put in the provision like the market value at that time, something fair where evaluator, a third party comes in and appraises the business. Yeah. So you can put that like go hire an appraiser. Yeah. So it's fair. Yeah. Yeah. But there was nothing like that. But again, that comes to like, also the drafting of the agreement.

00:12:01:03 - 00:12:19:14

Unknown

Yeah. Like whoever's a lawyer who's drafting it sometimes they would drive to say just put in a number and that's it. Or sometimes they'll say, well, do you want that to be valued by a professional so you can get a share because it's really personal. The lawyer won't know what you to decide. Right. It's these are personal decisions between the partners.

00:12:19:17 - 00:12:36:21

Unknown

And the lawyer can't the law can tell you the best interest for individually. Right. But they can't really decide for you when you're entering a partnership. I think they do give them a lot of options like hey this is the way I can draft the agreement. Here's the different things you should be thinking about. Sometimes it's just templated.

00:12:36:23 - 00:12:57:05

Unknown

Sometimes it's also templated. That or it could be templated because you you found an agreement. Someone gave you or you, you know, used AI to draft one for you. Yeah, exactly. You know, and and, you have to. And those are legal documents now you've signed it. Agree to it? Yeah. And, whatever it says, it says, yeah, you got to go with it.

00:12:57:05 - 00:13:13:04

Unknown

And it goes, I don't think, John. In my example, in our, in our example was, was looking forward to that result at all. He wasn't expecting it. Yeah. He was very confident that he was going to walk away. Yeah. By buying him out. Exactly.

00:13:13:06 - 00:13:29:14

Unknown

let's talk about like where do partnerships really feel what are the mistakes people make. Yeah sure. I feel like we see three that are important. Either they have the wrong

structure in place from the get go, and maybe they want to bring in more people, and it's not the right structure.

00:13:29:17 - 00:13:53:28

Unknown

They're not having those, like, hard conversations upfront about like what's going to happen in terms of an exit, a voluntary one or an involuntary one. And then third, we can talk about just misaligned incentives. Sometimes they don't want the same thing from a partnership. Yeah. Right. So I think that like those are like, each of them is like a loaded question on its own.

00:13:53:28 - 00:14:17:07

Unknown

Like, how do people make these mistakes in the first place? And the misaligned like, the wrong structure is like easy. I mean, we've seen so many of these, structures were like, you know, like in since Covid or so, I think there was a huge cash rush where like, people had accumulated savings or they were getting there's a lot of money in the economy.

00:14:17:12 - 00:14:38:29

Unknown

Yeah, maybe the money was cheap to borrow, etc.. A lot of money was raised during that time. And I can tell you like people were setting up businesses and someone had an idea. Let's say I have an idea of like running a business or like what the business should be. Yeah, I could have raised money and said, okay, give me like \$500,000, I can set up this business.

00:14:39:01 - 00:14:57:09

Unknown

I will be the active person in the business. And this investor who gave me money 500,000 will be the silent partner. Yeah, there's a lot of there's a lot of people that out

there that had ideas, but they were just missing the money. They didn't have the money. Yeah. So then they would go raise, but then they will say, okay, I'll give you 50% of the ownership in the company and I will keep the rest.

00:14:57:13 - 00:15:18:29

Unknown

Yeah. You give me the you bankroll this operation, I will use my sweat equity. Exactly right. And then you know what? Sometimes at the beginning, obviously, you're, like, optimistic. It feels like a right thing to do. Feels fair. Once putting up money, the other person's not gonna be working on it. But I think over time, that's going to be a difficult structure to begin with.

00:15:19:05 - 00:15:38:07

Unknown

Yeah. Like over time when you catch up, the business is successful, the revenue and cash coming in, the person that's pulling the weight could surpass the time. Yeah, working all the time can now have afforded a bank loan. Right. Yeah. And like they get to that position where the silent partner does not put putting in the work is just they were not supposed to put in any way.

00:15:38:08 - 00:15:58:07

Unknown

They weren't supposed to. Right. But now they're, they're they have that growth. If it's 5050. Right. They have that growth of the business. Yeah I mean it was an investment for them. They they punted on it and they took the risk. Yeah. They gave money to the they didn't take the risk. Yeah. Right. So rightfully so. They should have access to that return now.

00:15:58:07 - 00:16:26:25

Unknown

Yeah. As they should. But like you know when the business isn't depending on like when your return is in, depending on like, you know, like big companies, public companies, we just put in the capital and you just kind of get reap the benefits by getting dividends on an ongoing basis from a public company. And it's actually falls on an individual who now is like working day in, day out, you know, sweating through and putting all the time, sacrificing.

00:16:26:28 - 00:16:49:22

Unknown

And, you know, they're it's hard for them eventually. Yeah. They're pulling all the weight. Like the business really runs on the back of their, you know, back of their time. Yeah. Right. And over time there will be frustrations like, hey, I'm working all the time. The business is now finally getting successful. Yeah. And this person on the other side is like 50% owner.

00:16:49:23 - 00:17:11:27

Unknown

Yeah. And I'm going to give him 50% of what I mean to him in perpetuity. Yeah. Yeah. Right. Yeah. I think that's a, that's you're kind of set up from fail. It set up for failure. Yeah. At the very beginning, when these types of structures, are done and it makes it difficult if new investors want to come in at that point as well.

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Unknown

Right. That's a great point. Yeah. If a new investor sees the structure like, hey, there's a solid partner, 50% and there's an active partner another 50%, and I'm a strategic investor, I want to like help grow, scale, does business. Where is the room for me. Yeah, exactly. Because they'll see that oh, I don't want to be this guy who is like giving 50% of his profit to this guy.

00:17:33:28 - 00:17:53:10

Unknown

Yeah. You know, he doesn't want to be here. Don't want to be that guy. Does not want to be in the same position as the other guy. No. And then nobody would want to come into the ownership again. Like nobody wants to invest in my business either through sweat equity or not. Because it's you need to basically, you know, we use the term like recapitalizing the partner.

00:17:53:11 - 00:18:15:11

Unknown

Yeah. So basically you need that that partner who put in the money as a solid partner to, to bring him down to some minority. Yeah. Bring it down to something. Right. 10% or whatever, whatever might make sense for the partners. Yeah. And I think that probably should have happened in, in some of these cases where like, you don't give somebody 50% of your company or your business just because they're giving you money.

00:18:15:16 - 00:18:36:07

Unknown

Yeah. Maybe you think about long term, hey, what does this look like ten years in this business success business is successful, and I'm still going to give them 50% of the profits to this person. Yeah. And is this, like, even feasible? Would I be happy? Yeah, I might be frustrated. Yeah. Can third person come in and be part of the same deal?

00:18:36:10 - 00:18:53:26

Unknown

Right. Well, fourth person, no one wanted to. No one wants to do that. Definitely. And I think those are like difficult conversations when you're desperate to get money. That's the case. It's like when you're desperate to have money, know where it's going to go. You're going to take what you're going to get. Yeah. And I think people take the deals because they're desperate and then they regret it later.

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Unknown

Exactly.

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Unknown

Well I think like in the beginning

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when you have a great business idea and someone's offering you money and you want to take a chance on yourself, I don't think it's a bad idea to take that chance. Obviously, think about where it could go and make sure the percentages are right from the get go where you can. But if you do feel at one point that someone is putting in more effort than the other person, I think it comes down to a conversation and and then recapitalization is correct to do at that time.

00:19:20:03 - 00:19:36:13

Unknown

Yeah, it's going to be a hard conversation. You know, what I was going to say is that maybe that's the timing. They should have had a shareholders agreement. Yeah. Yeah. And say, hey, if maybe that's the place for shotgun, right. That's the right place for sure. Shotgun sometimes. Yeah. Because like investors like there's no way I'm going to be running this business.

00:19:36:21 - 00:19:53:08

Unknown

Yeah. Yeah. Exactly. When, you know, definitely like an Adam's in Johnny's case, I think Adam obviously was involved in the business, so he knew how to run it. He just he could step in and be like, okay, I'm coming out. Investors not about to, like, get their hands dirty. Definitely not. And then charging me like, okay, I am working so hard.

00:19:53:14 - 00:20:16:14

Unknown

I'm not about to keep this going. Let me give you the offer. You you take it or leave it. And if you don't take it, well, then I'm out. Exactly. Like if you think about that from the beginning, you could have that right. The right. There's a solution though. Sometimes. Yeah. So deadlock is is 5050. Yeah. And you can't for somebody to sell something to you without an agreement and you can't for somebody to keep like you can't keep that person either.

00:20:16:21 - 00:20:30:09

Unknown

Yeah. Right. So either they run the business to the ground or they say, well, I'm, I'm done. And then I think in that case, I believe a shotgun clause could be a very good way to start this organization. Yeah. Agreed. Right.

00:20:30:11 - 00:20:32:09

Unknown

the other thing you mentioned, mistake number

00:20:32:09 - 00:20:46:19

Unknown

two was like no exit strategy, right? Yeah. It happens all the time. I think people start the business not to think about exiting. Oh no. No. If as some people do, I feel like some people might think like, oh, I want my return on investment and and and you're like in a startup phase.

00:20:46:20 - 00:21:04:16

Unknown

But yes, in the startup phase you're like, okay, you have no, I have a great idea. And you're so sure of yourself. Yeah, like I have a great idea. I think this idea will make millions. Yeah. You're not thinking, oh, what will I how will I exit? Will you buy me out or not? I think those are like with partners.

00:21:04:16 - 00:21:23:03

Unknown

Yeah. I think you're just trying to survive. Yeah. Okay. Does this, like, business work? Yeah. Doesn't the model work for me? Yeah. You have to prove it. Yeah. Then I think as a business mature than you might think about those things then. Yeah, right. But it might already be too late because things can happen. Exactly. Disagreements can happen.

00:21:23:04 - 00:21:40:06

Unknown

No, definitely. I think like, people don't think about it. And but the thing is, like each individual in a partnership might want different things. Right. And like thinking about what is your exit, it might mean a different thing. I know this kind of goes into our misaligned incentives maybe as well, but it relates to the exit. Do you want to exit?

00:21:40:08 - 00:21:59:23

Unknown

Are you? But how how are you going to do you exit? That's the biggest question. Like how are you going to exit? I think there's different ways to like, have a basic preliminary outline to say, hey, you can have a basic conversation like, hey, if if, you know, if we have.

00:21:59:25 - 00:22:18:17

Unknown

If one, I think it all comes down to like talking first. Yeah. Right. Like, okay, either I'm no longer interested in the business. I kind of I'm like, kind of dialing down or I'm burnt out

from running the business and you approach your partner. I'm like, hey, you know, I'm not so interested anymore. I was gung ho about this earlier.

00:22:18:22 - 00:22:36:20

Unknown

Now I don't feel like I'm in the same path as you. And then. And then you, you have a conversation about, hey, what if, like, I bring in a different partner to replace me? Or why don't you buy me out? Yeah, right. And I think those conversations, if they happen, they can happen, you know, at any time.

00:22:36:20 - 00:23:05:21

Unknown

Really? Yeah. Like the partner who wants to stay, he might also say. Or you think he wants to see you as well. You know what? I also feel burnt out. Why don't we just solve the business together? Yeah, exactly. That's it. All through to somebody else, right? Yeah. You know, and and that can happen. But if sometimes you're not on the same place, same page, then I think it's not a bad idea to, like, have again, I'm going back to the shareholders agreement to see what can be something that you pre agreed to.

00:23:05:25 - 00:23:27:04

Unknown

Yeah. Such as you can say in there that look I'm going to get the, the way to buy another partner out is already predetermined. Either it can say a formula that you have agreed to it. Okay. I'm going to give you three times multiple on the earnings of the company that you get three times. Right. And then my percentage.

00:23:27:07 - 00:23:50:03

Unknown

So it's a formula. Yeah. Right. That you think this is a fair market value for the company. There's a for me. You don't need to hire somebody. But it has how you would price that you can like predetermined. Yeah. What the multiplier will be to use that that. So so let's

throw an example like let's say if the company makes \$500,000 a year in net profits before tax.

00:23:50:05 - 00:24:21:25

Unknown

Right. So okay, the the agreement can say the value of the business is three times 500,000. So the company is worth 1.5 million. And if you are 50% owners, my 50% is 750,000. Yeah. And if you want the other person to buy it, they have to give them \$750,000. So now they can own 100% of it. Yeah. So that's like a very easy formula where like you just look at the like the current financial statements of the company, look at the income statement and just apply the purchase price.

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Unknown

All right. And done. Yeah. You know quick and dirty. Yeah. And there's no question about like negotiation is already determined that way. Yeah. Or you can say I think you were mentioning that you just hire an appraiser. Yeah. You can just at that time see what the value is of your shares at that time. Right. And have an independent party value it.

00:24:40:07 - 00:25:05:18

Unknown

Yeah. And then you bought up that, bought out that way you can like hire, someone like professional, like, a chartered business evaluator, CB and their whole specialty is to value businesses. They can look at the company's performance over the years. They can look at the financial statements, what type of customers does it have, how consistently it brings in the profits?

00:25:05:18 - 00:25:27:19

Unknown

Is it dependent on one customer or is it dependent on many different clients that are like evenly spread? And then what type of industry is this in? And then, well, what other businesses are most similar? What other businesses in the same industry have recently sold for as a comparable. And they can look at all that data and then give an opinion like, hey, this business is worth X.

00:25:27:23 - 00:25:47:07

Unknown

Yeah. And your shares are worth X. Yeah. So all it says the agreement will say we need a valuation done through a designated CB. And then that person, whatever that person comes up with, that's the purchase price. Yeah. But if you didn't have any of these things written into the agreement, then that, then I think you're kind of deadlocked, especially in 5050.

00:25:47:11 - 00:26:05:23

Unknown

Exactly. Especially when you're 5050 and there's no control. There's no control. Nobody can force one thing or the other. And it just comes down to communication, really. But it's better to have those conversations upfront. So you know what would be fair for yourself and the partner. Yeah. No, I agree with you. And then the third thing you mentioned was the third mistake

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Unknown

that. Yeah. Like we were saying, misaligned incentives. Sometimes when you're starting a business with partnerships you want different things from it. Like I mentioned earlier. Right. Yeah. Some individuals want to scale some some people just want a lifestyle business. They don't want to scale too much. They don't work. They don't want to work as hard. And yeah, no, there's one can take it easy.

00:26:23:23 - 00:26:42:13

Unknown

They want to take it easy, make good income. Maybe they just want to stay at that point. What's right for them is not right for another person. Yeah. And I think like having those conversations are so important when coming into a partnership because especially if you're just say at 5050, right. And one person is pulling more weight, the person one person talks about like the ambition.

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Unknown

Yeah, right. One person could be very ambitious over time. Like, I want to make this business \$1 billion company. Yeah. And the one's like, no, I'm just okay making my \$200,000 a year. I don't want to do anymore. Exactly. And that's like a that's a very stark difference. You're like polar opposites. You should not go into a partnership.

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Unknown

No, but like, you know, you might start that business together. You may have those types of aspirations. Yeah, but then those aspirations don't have to stay true over time. Exactly. You might have preferences of looking at different ways to live your life, and you don't want to be that ambitious anymore. Yeah, exactly. Especially when you start it. And then you realize afterwards, right.

00:27:23:12 - 00:27:41:16

Unknown

Like you're starting and you're like, I don't want to do this forever, right? Yeah. Yeah. Well, not even forever. Like, sometimes think like I'm going to have a unicorn company. I've got this tech business. Or if I do all this work, I can sell this business for, like to an investor for like, bajillion dollars. Yeah. Think, you know, I could be great.

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Unknown

So, I think that misaligned incentives is difficult to judge because it evolves over time. It does. Yeah. Basically. And the solution, again, is you got to know the partner you're getting in with. I think you got to like talk to them before you get into partnership with them. You got to find out who they are as a person.

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Unknown

You got to know if they're a good fit for you, with you to work with you. And then you got to find out. Are they in the same, are they ambitious at the same level as you, or do you think they're going to be they're good right now, but they may not be a great fit over time or long term.

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Unknown

And I think you got to, like, have that basic understanding. Otherwise you will be misaligned and over time the business will fail. Yeah, I always just comes back to conversation too, right? Like having that communication upfront. And when people don't have it, I think that's when it becomes very difficult. Yeah. Yeah. Later on. Yeah. No I agree I think there's plenty of examples I can think of that.

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Unknown

But you know what I'm also dealing with. We're also dealing with actually another case where like the business owners are fully aligned, they both want to retire. They both started the business 30 years ago. Yeah. And to a point where like, we're ready, we've taken this business as far as we could. Now let's look for a let's exit together and look let's look for a buyer.

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Unknown

Yeah. And they're going to do exactly just that. Yeah I think that's like a great partnership. Yeah. Where the the structure was good. The they had all the exit guardrails in place like you were talking about shareholders and they always were aligned on incentives. Yeah. And they wasn't going to exit at the same time. And I think that's and that's amazing.

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Unknown

Right. Because they got to work together and and

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Unknown

do that together. Yeah. Exactly.

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So not every business basically

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starts in a partnership. Right. And you can have a single founder.

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Unknown

Yeah. Who has brought the business to a level. And now he or she is not looking around to say, hey, I think I need to like bring in partners with me now because in order for me to, make this big, make this business bigger than me, I need partners, right? Right. And we're working on a file that is.

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Unknown

That is exactly that. Can you speak to me about that story? And, like how what's happening in that file? Yeah. Like, sometimes like, like you said, they want to bring in more people to grow. People will look sometimes inside the organization to see if there's someone that can step up, take up more, take on more responsibility, like a key, like a key employee.

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That happens often as well. And seeing if they want to buy in. And sometimes you're looking external as well to see if there's some sort of strategic alliance that can be made. So in this case, we have Kathy, who has built her business over time, and she has Susan that's working. And a key employee that's buying into the business that I'm minority, percentage.

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And then she also has Harleen who's coming in, who has a book of business herself, variety, that she's built on her own, that is going to bring that book of business into the organization. And then she's also going to get her percentage. And you said it's like a consulting business. Whatever. It's a consulting business. Yes. So Kathy started it and she's like, well, I need to make this bigger.

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Unknown

I have someone who's working, someone I trust. Key employee. Susan. Yeah. And she wants to promote her. Yeah. Into becoming a partner. Becoming an owner with her? Yes. Or with her. And then at the same time, she's looking at, like, someone in the same

space consulting business. Yeah. Let's join forces with them and give them some ownership in this one company that now you run together.

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Yeah, it's a marketing consulting company. Yeah. So what were the percentages that they all agreed to? Yeah. So, Kathy is going to retain 70% ownership. And then the key and then Harleen and Susan will have 15% each. So they're buying and selling seven. So selling 30%. Yeah Kathy selling 30% and, 15 to each. And yeah they're rolling in the their book of business too.

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Unknown

Right. So like that's a good way to think about like how the businesses do evolve. So like there are a number of different ways to structure the, the employee. Right. Like, yeah. In this particular case, like, what do I mean, what's the value of the business. Let's establish that as an example. Yeah. Let's say it's \$1 million.

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Unknown

It's around \$1 million. So that's a hundred. So \$150,000 is what they have to come up with. Yeah. Right. So if Susan wants to buy in, she needs to give \$150,000 to Kathy. Yep. Right. And by the way, how did they even, like, establish the value? What did they do to negotiate? They negotiated. They did hire a, evaluator appraisal.

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Unknown

CB CB yeah. Who's looking at all the things that you've mentioned right. And based on that, they've come up with the valuation that they have as a basis of negotiation. Exactly. Right. So the value there says the business is worth a million bucks. Yeah. And

if if Susan and her client wants to come into the ownership, they got to come up with more than \$50,000.

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Exactly. Exactly. Okay. Which in this case, they're financing, except for, Harlene, who is bringing in her, customer list. She's bringing that on. Right. So that's that's just contributing. It's that's that's financing some of her deal. So she's just making up the difference in cash, right? To buy Kathy out for her 30% in total. Right. So let's talk about Susan first.

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So Susan has different ways of paying hundred and 50,000. Exactly. Yeah. Option one is our Kathy can say okay pay me \$150,000 now or you can pay me over time. I'll give you a loan. Yeah, right. And you pay me interest and pay me over time. Yeah. As and when you make money, I'll help you and then basically pay me interest.

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And then that's it. Yeah. Exactly. Yeah. Or, Susan goes to a bank and says, bank, I need to buy the business, give me a loan. They're going to they're going to do their own due diligence on the company making sure. Well, because I want to know where the money's going. Yeah they do. They're not going to just give out \$150,000 to anyone.

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They will always like. Yeah, do that. Yeah. Those are tough to get by the way. Like getting, a loan on the backs of a private business like this. Small business like this. Tough. Very difficult. Yeah. But I think, the easiest way would be, like, if Susan has a house, maybe there's a home. Equity line of credit.

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Usually puts money if she has enough room and has. And used it. Yeah. So you can easily draw \$150,000. Yeah. If you built equity in your home, right. Then you can you can get one of those as well. That's probably the easiest way to get financing. Right. So like you got to think about where you're going to get the money from.

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Exactly. Yeah. Especially if it's like you've never had a business before. You're especially if you're young, right. And you're you're buying a business. You may be young, you're not going to have those savings. Right? So or your family is not rich enough to give you. Yeah, exactly. Yeah. Not every family member does that. But yeah. But yeah. Yeah.

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Unknown

You if they're if they don't have to. Yeah. They don't know exactly. So now I mean same thing can apply to Harlene was bringing in a business too. Yeah too. And so but like, that's an interesting one. That's an interesting mix. Yeah. She can pay Kathy to say, hey, I want 15% ownership in this business, but I have my business which is worth \$100,000.

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Unknown

Why don't I take my business, contribute into the company? Yeah. And then pay the 50,000 difference in cash, \$50,000 in cash. Yeah. And, in that case, her existing client list will bring revenue for the company. Right. And that's just expanding the company. But you know what's interesting? The mechanisms are different in these cases because, yeah, what Susan has to pay for 15% hundred and \$50,000.

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Unknown

That money goes to Kathy. Yeah. Personally. Yeah. Right. And she gets to keep that money in case of her Lynn bringing her business. Well Kathy's not keeping that. She's just going to put that money to put that business into the company that. Yeah, that, that Kathy's part of. I think she's selling exactly. So Kathy just basically gets diluted down.

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Yeah. By her percentage by 10%, basically because \$100,000 worth of business is being transferred. Yeah. By her lean. And then remaining \$50,000 goes to Kathy. Exactly. It's a different mix. It's a different mix, a different tax consequences as well. Yeah I think it's a good idea to talk about that. We are toxic. Yes. Central. Yes. Yeah. We should.

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So for for Kathy in this case we've talked about it in the past. There shares qualified as qualified small business corporation shares and she was able to use her lifetime capital gain exemption because what's the gain on Kathy's share now? Like, it's like, let me do the math. So, yeah, \$100,000, 350,000, right. Coming from it would have been \$300,000 in total, but \$100,000 financed with that by transferring the business.

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Unknown

And so that doesn't count. So I guess it's it's going to be \$200,000. Yeah. Basically has to be that's a capital gain for that's a capital gain. Yeah. You're saying so I'm saying that she has her lifetime capital gain exemption available to her. The shares qualified. We did our due diligence to test that. And she's getting it tax free.

00:37:14:14 - 00:37:31:14

Unknown

Like she gets to use her exemption and not pay tax on that capital gain okay. Yeah. So like yeah we've covered lifetime capital gains exemption in this channel many times. Yeah I think we can link one of the videos here. Yeah. So she she did make that in cash right. But she doesn't have to pay any tax on it.

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Yeah that's a great thing. Like the limit is \$1.25 million for life and capital gains exemption. So it's well under the limit \$200,000 Kathy pockets a tax free tax rate. Yeah. And then there's what about her lean. She's brought in the business. Does she have to sell the business to the new company because there's ways around it. No there are ways around that.

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And no she doesn't. She can actually roll that into the corporation on a tax deferred basis, which we're doing. Yeah. So what do you say? Roll. You can transfer eligible assets, to a Canadian resident corporation. Right. And then you can elect to have that transfer done at cost. Right. So it wouldn't trigger any capital gains upfront because it's transferring at cost.

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Unknown

Got it. So like her lien was able to transfer her business to Kathy's company without any taxes. Yep. Exactly. Basically she just in turn gets, shares of the corporation. And that has consideration of that value. Right. So we used, I mean, those who want to kind of look this up is called section 85 rollover. Yeah. Where we can transfer assets to a, from an individual or a person to a Canadian holding Canadian corporation, basically taxable Canadian corporation.

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Unknown

Yeah. And that can be structure tax deferred. Yeah. So that's that's good. Now how does in this case, if Susan now has taken a loan to \$150,000 to pay out Kathy to get the 15% ownership? Yeah. What's the most I mean, it would she has to repay that loan at some point. She does? Yeah. Right. And, it's an important thing to consider is that if Susan ever need to if Susan took the money, took the loan personally in order to pay the loan, Susan needs to earn money, personally pay a personal tax.

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Unknown

She might lose 30 points, 40 points depending on her tax rate, and then whatever's left from it, she has to live her life. Yeah, lifestyle and then pay the loan. Exactly. That is super inefficient. And in the tax perspective, right? Yes. Yeah. Because she's paying back loan with after tax dollars. Exactly. In this case I know you resolved it.

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This I want to ask you how did you resolve that issue. So we can we without taxes. So we incorporated a corporation for her and she is capitalizing that corporation with her her, financing. So what? That just means that the corporation will now owe her. It'll be a shareholder credit, meaning the corporation will owe her that amount.

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Unknown

And that corporation is actually going to go buy the shares. So, Kathy. So Susan creates a holding company called Susan Co. Yeah. So Susan has money from her line of credit. Yeah Susan takes that money. Puts it into Susan Co. Yep. And Susan now has a loan between Susan Co and Susan. So Susan got owes money to Susan.

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Unknown

Exactly. So she can draw from Susan. So she'll be able to draw funds out and repay her without any tax consequences. Right. Because there was a loan. Loan repayments are not income. Yeah. But at that point Susan doesn't have anything in it to repay. But yeah. So then now Susan has the money that it got from Susan. Yeah.

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Unknown

So Susan gets money from the from the bank. Yeah. Susan put some money into Susan. Go. Yeah Susan Co buys the shares from Kathy. Yeah. Right. And then now Susan has 15% ownership. Yeah. In the company. Yeah. Right. And now over time what you're saying is Susan co if Susan called gets money. Yeah. And how will it get money basically if Kathy's business is called Opko.

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Unknown

Yeah. Opko pays a dividend to Susan Co. Yeah that dividend generally is without any tax. Yeah. In this case you have to meet certain tests for to ensure that they're connected. To ensure that that does go up tax free. But there are ways to pay for it to go on tax free. So the assumption is that the money moves up from Opko to Susan Co tax free.

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Unknown

Yeah. After corporate taxes. And then from Susan Co. When it has that money tax free it can just go and pay the loan to Susan. And Susan can pay the bank loan. Exactly. So you can move all those funds tax free as, as with no personal tax basis. No personal tax as the as the corporation is making as Opko is making more money.

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Unknown

Right. And Susan is entitled to her 15% of that income. She can flow those funds up and then repay her low. So let's say, so that's a good idea I think. Like that's a, that's a brilliant way of like setting up the structure so that Susan is not incurring any tax costs. And we are paying the loan because paying the principal is not tax deductible, only the interest is.

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Unknown

Yeah. Otherwise if she had to pull that out, pay the 40% to tax. She's left with not much to be able to pay that loan because it is and so many times so much toxic waste. So so that's good. And then I guess Arlene could do the same thing. She had a lot smaller money that she had given about \$50,000 cash.

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Unknown

Exactly. Yes. You just contributed to do Kathy's business. So I think that kind of evens out. Yeah. So it's like the perfect structure to kind of bring people into the business. That's a good way I think. Like, I mean, I mean, I think it's difficult to find people who align with you really. Well. Yeah. You know, we talked about like wrong share structure, misaligned incentives, exit strategy.

00:42:52:21 - 00:43:17:08

Unknown

Yeah. But like if everything kind of aligns. And you have those conversations upfront then you can like this is a great way to like structure them for you. Exactly right. Yeah. So so one thing I want to do though okay I'm going to add one more thing. So yeah. So to summarize Kathy exited tax free. Yeah with a 30% or sorry or 2025 20%.

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Unknown

Yeah. Yeah. Sorry. So Kathy got \$200,000 tax free. Yes. Hurt her clean. Contributed the business into the company tax \$100,000 tax free. Yeah. Both Earlene and Susan were able to now, take the money out to pay for their loans to respective banks. Tax free also. Yep.

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you know what's, So, Kathy, in this case, we were just talking about the example, like she. You found her lean, she found Susan, and now they're happy they're going to be scaling the business.

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Unknown

Right? But say, like, I as a single founder, like, I, I made this business super successful all by myself. And they're like, I want to exit this business and take big dollars. Own. Yeah. Have like a bigger player by. Yeah by you out. You know it's happening a lot these days where like, a lot of these private equity players are coming in.

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Unknown

Yeah. And, and there's a lot of private equity players specifically into certain industries, like dentists are food, food, food, food industry. Yeah. Yeah. Like they're all like, kind of, you know, putting together deals and like, buying out and like, let's take dentists as an example because we've done a lot of those deals now. Yeah. Where whereby a dental clinic is owned by a doctor, dentist and dentist has a very successful clinic or multiple clinics over that sake, and that dentist has is ready to retire in the next five years.

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He's like, I've done enough. There's companies are like super successful. My clinics are doing really well, but I can't continue with this long term. Yeah, right. I don't have

another 20 years in me. But the business can run on their own, so to speak. Yeah. Are there you know, what is a dentist though. Are they're looking for like cash upfront.

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Unknown

Yeah. But you know what. But but like thing is like as a dentist you can't really give the you can't really run the bill. You can't really let it run on its own. No. You're just look professional and like liability associated to where do you want to make sure people getting their teeth cleaned properly. Yeah. And, you know, you're tied to the business.

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Unknown

There's a lot of liability. Right? And then a lot of responsibility. And as much as it is a business, it is still tied to services and tied to your time. Yeah. Time is you is a great, time. Time takes a lot. Just like our us accountants. Just like icicles. Yes, exactly. Yeah. So, you know, a lot of times what happens is like, these big, private equity players are like, hey, we're going to buy all the dental clinics that we can as much as we can.

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Unknown

Yeah. And we're going to give them super good deal. Like if an if one dentist by another dentist. Right. And we were talking about multiples right now. Yeah. Like the multiple that people generally use. I'm just throwing out an example because we've seen so many of these like, hey, I want to pay you like five times earnings per year.

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Unknown

Like if you have \$1 million of earnings, right, I might give you four times. Five times. Yeah. Right. So if you have a, \$1 million of earnings in a dental clinic or a bunch of clinics that make million dollars after tax before taxes, I'll give you \$5 million. Yeah. Private equity goes on. The other side is we'll give you eight times.

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Unknown

Nine times. They can afford a lot more. They have cash, right? Yeah. They can afford a lot more. And in these private equity deals are like, very lucrative. And you're like, I definitely want to say, yeah, I will never get this type of deal. And they do it. But a lot of times these private equity deals are like basically to say you're not just if we cut you a check, you're not leaving.

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Unknown

Yeah, yeah, I know you want to retire, but you're not leaving now. They need you to run the business. Yeah, that's their return on. The investment is you. Yeah. So they'll they'll acquire your your clinics, let's say very commonly says they'll do 70% of the buyer buy your business, 70% of the business. So if, let's say your business was making \$1 million or eight times, I'll be your 8 million.

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Unknown

Yeah, but I'm only buying 70% of it. So let's say 70% times 8 million. And then basically, you're going to retain the 30 yourself. And then there's usually an expectation that you're going to run that business for a certain time. Yeah. Because they're buying the business with the trust and responsibility that this person who has been running the business is going to continue to run the business and even make better because.

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Unknown

Yeah. And you're and you will have an investment in that business at that 30 year jointly now own it, you jointly own it. And you and you obviously want a return on your investment. So you might still be working really hard. Yeah. Yeah. So like so like that's a

partnership right. Yeah. Now you brought in you your exit plan partially became a partnership first.

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Unknown

Yeah. And then after you've done your commitment because they'll usually say, hey, you have to work with us for five years or something. Three years, five years, depending how you negotiate. And you say, okay, as a dentist, I'm going to exit in five years. And there's a mechanism in place, you know, private equity deals don't play around. Yeah.

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Unknown

Everything is spelled out very clearly. They've done this many times, many times. Right. And they're like, okay, if you want to exit, we're going to pay you eight times whatever the deal they're giving them now, eight times multiple, for example. Yeah. Earnings of that time at that time. Right. So if you're making \$1 million per year now, maybe because of the join forces, they're doing better, maybe five years from now they're doing instead of \$1.1 million, they're doing \$1.5 million per year.

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Yeah. Times eight. Yeah. The 30%. So I think that's like a a partnership that happens as part of your exiting transition plan. Yeah. And at the end of the day, you're, you're, you're trying to make it, as tax efficient as possible. You may also not be thinking about all these things as if like, you might be a partnership partner.

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Unknown

Now, you see those big bucks and you're like, I want it, but it's really something you want. Do you want to stay on for five years? Do you do you want to be tied with that

30%? Well, do you want a clean exit? You should think about those. You're also taking a back seat to some extent. In a way, yeah.

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Unknown

You're giving up autonomy. Yes. Control. Yeah. And I don't know how easy that is for some people. If you're a lone wolf, you like to like run the business your way. Well, now you have another partner who controls the business because they own 70% of it. Yeah, right. And they have their own ways, own procedures, own like SOPs.

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Unknown

And now you have to start like, working for them. Yeah. And they're going to say these are your targets. Yeah. This is the way of doing things. Yeah. And for the next five years you just have to like keep your head down and follow exactly what's going on. Yeah. Because if you don't meet your, your, your targets or whatever, then you're basically stuck in a bad partnership.

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Unknown

Yeah. It may be some expectations a lot. It may be something you want. It may not be right for you at all, depending on your personality and what you want from it. So it's it's something to think about, right. Exactly. So like whenever people want to exit, I think even to sell the 70% I think is good to just mention, you know, even though we've done previous videos on this, like, properly structure your company so it can be sold.

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Right. Usually there's a lot of structure, there's a lot of structure involved because like we have had people like, have sold their business for 8 million and they paid zero tax.

Yeah, zero tax on it if they're in the right structure. Right structure. So like I think we probably do another episode on this particular issue. But great.

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Yeah.

00:50:50:15 - 00:51:12:24

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give me a checklist of things that if you're doing a partnership with anybody that they should definitely follow. And what would be on that checklist for you. Yeah, definitely have those conversations upfront about like what type of partner are you going to be. What do you want in terms of an exit if you know it or just get to know each other, see if it's a good fit from the get go.

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Unknown

And when you guys decide that you are going to be in a partnership, you should start drafting a shareholder agreement, right? That's really important. When you're coming into a partnership and you want to make sure you're structured appropriately, right. And, and, and planning for, you know, how can I do this tax efficiently. Yeah. Those are a few I can think of like off the bat.

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Unknown

What about. Yeah. Yeah. I would say to some extent what you just said like I think defined contribution. Are you going to be contributing money. Yeah. What do you get out of that for that long term. Are you going to be like a solid partner or are you going to be active partner? And if you're active partner is sweat equities what you're bringing to the table?

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Unknown

Yeah. If the business, needs to be able to have, you know, the right type of share structure also. Right. So that the investors getting their return. But some but not to upset the active partner and pent up frustration over time that they will be able to keep that structure long term. Like for example, we were talking about the situation earlier.

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Well, if you made a deal to say, I'm going to give you half \$1 million and give you 50% ownership, that may not work long term because ten years from now and you continue to work and like slave for your business, you're giving 50% of the profit to the other person. Not workable. Exactly. Right. Make sure like whatever shares that you have as each partner's, the terms are correct.

00:52:35:00 - 00:52:50:10

Unknown

Yeah. They're usually attached to what you or maybe it's not even a share it. Maybe it's a loan. Yeah. Maybe maybe maybe treat some of it as a loan and pay them with interest. Yeah. I think there's a lot to do to bring people into ownership. There's a lot of different types of shares that you can own with different entitlements.

00:52:50:12 - 00:53:20:10

Unknown

Different. Exactly. The other thing, like I said, shareholders agreements super important. When things happen unexpectedly, there's life events that happen. Expect unexpectedly. That's important. You need to have a decision tree how things will be, dealt with in an orderly manner. Yeah, right. And plan for taxes. If you need to exit or you're bringing in another, investor or another partner over time to your to your business plan for it.

00:53:20:13 - 00:53:38:11

Unknown

They cut this example. She exited with \$200,000. No, like no taxes. You just download it down to 70%. She got 30%. And we've seen things like 8 million no taxes. Right. We can just amplify those numbers a lot bigger. Right. Like 200,000 probably nothing. But like yeah like we did that other deal, \$8 million, zero taxes paid. How powerful that is.

00:53:38:11 - 00:54:02:22

Unknown

Yeah. That's crazy. Otherwise, like they would pay 80 on 8 million. Somebody would pay \$2 million in taxes alone. Yeah. So you don't have to be you have to be structured properly to take the right, steps at the right time and pay little to no tax that otherwise make it. And that sweetens the pot also. Yeah, including including the individuals that are coming in like Susan and Harley and we spoke about making sure they're structured for the Bidens.

00:54:02:26 - 00:54:28:09

Unknown

Yeah. And I think, couple last couple things I would say is like, you should definitely think about life insurance. And I say that because let's say if your two partners, one of the partners die, important partner, an important partner die. Well, you don't want that other partners, spouse or some beneficiary become a partner because they will inherit the shares that the person owned.

00:54:28:16 - 00:54:53:26

Unknown

Yeah. To a family member. And a family member. Now, is your partner with you? Yeah. Well, you need to have the shareholders agreement. Says the remaining partner can buy out the person who's passed their shares. Well, I, you know, get the money. Yeah. So think about insurance life insurance. Like you should ensure each partner and if ever

you you're in a position that one person's passed away, you need to buy the shares without that person.

00:54:53:29 - 00:55:13:14

Unknown

Well, where the money can come from life insurance. Yeah. Right. So I think that's a very prudent thing to think about long term. And last is like if you put something together and you've thought of all these things, I think you should review it frequently annually. Yeah. Every couple of years to make sure you're on the same page and don't use AI for your shareholders agreement.

00:55:13:14 - 00:55:16:01

Unknown

Don't use AI. Yes, yes yes yes I