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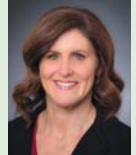


LEGAL EXPERTISE FOR THE BUSINESS COMMUNITY

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THANKS TO MILLENNIALS, A NEW TYPE OF CAPITALISM IS GAINING POPULARITY

Move over, popular capitalism and crony capitalism. There's a new type of capitalism joining the fray that is gaining in popularity, especially among socially conscious millennials. Conscious capitalism was born out of a rising concern about the increasing influence of far-right politics and includes disdain for what is seen as an unbalanced distribution of power and wealth across society.

According to Derek Gresso, president of City Venture Holdings, conscious capitalism is an "holistic approach to doing business that supports a healthy bottom line and positive community impact. It's truly a combination of good business practices, entrepreneurial creativity and support for local communities through social responsibility and action."

Conscious capitalism is comprised of four characteristics: Higher Purpose, Stakeholder Orientation, Conscious Leadership and Conscious Culture. While the Higher Purpose aspect of conscious capitalism retains its eye on profitability, it is also designed to encourage stakeholders

to rally around a loftier purpose. Moreover, stakeholders, rather than shareholders, are the key players. Their overall goal is creating value for everyone involved in the venture, rather than just a select few. The aim of conscious leadership is to purposefully create an environment where trust, care and service are revered. In a conscious culture, a supportive environment for people, processes and practices connects stakeholders not only with one another but also with the entity's mission and processes for attaining those visions.

Steve Fireman, general counsel and CEO of the Economic & Community Development Institute, said his organization supports the philosophies behind conscious capitalism.

"We believe businesses run with the interests of all stakeholders in mind will do better over time," said Fireman.

According to Gresso, several avenues for implementing conscious capitalism exist. Two suggestions include supporting employee volunteer initiatives and developing a corporate citizen statement to align with organizations sharing your

entity's concerns about giving back.

"By creating ongoing opportunities for positive impact, you're not only strengthening your community, you're also likely attracting a higher caliber of employees, clients and partners," said Gresso.

In Fireman's mind, respect is a key component of conscious capitalism in that it focuses on creating opportunity and engendering respect for employees. Moreover, regard for and service levels to the customer are considered of paramount importance. Not only is the social element of human beings revered in conscious capitalism, the reverence of and concern for the environment is a core value.

"Environment is what connects us all," said Fireman.

To Gresso, small businesses are best equipped to implement conscious capitalism. That's because it is "those organizations who may be looking to



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gain more familiarity with community improvements and who are interested in long-term sustainability," he said.

Furthermore, Gresso believes conscious capitalism is not going away. That's because conscious capitalism "strengthens the entire ecosystem of business by creating value for all, not just a few." Another benefit of this new wave of capitalism is that "doing good is not anti-capitalistic." As many businesses who practice social responsibility have demonstrated, doing so "actually enhances profitability," said Gresso.

According to Fireman, conscious capitalism offers other benefits that make it attractive to the business world. For example, conscious capitalism makes it easier to attract young, talented workers. In addition, because the philosophies behind conscious capitalism are so appealing to millennials, it is easier to retain them on the job.

However, cautioned Fireman, a business considering adopting the conscious capitalism philosophy should be aware of its pitfalls. It can be more costly to operate an entity that has implemented conscious capitalism, and, once that path has been chosen, "it is really hard to turn back or change courses," he said. ■

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EXITING A BUSINESS

It is difficult for anyone who owns a business, has built that business from the ground up, spent hours upon hours working in the business and (hopefully) watched it grow, to step back and prepare for what exiting that business will look like. Setting aside the very personal questions about retirement and what happens next in life, a business owner must be prepared for how that business will either close or continue. These are some helpful tips to start that conversation with your team, or just yourself:



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1. Engage professionals – You should have a trusted CPA, attorney and banker who have worked with you to get the business to where it is now. Talk to those people first to get ideas about what type of exit plan would fit based on your business and its financial outlook. They can also connect you with other professionals who specialize in specific transaction scenarios.

2. Look under the rug – One of the worst things a business owner can do is ignore potential problems. A transaction

of any sophistication will permit the buyer to conduct its "due diligence" and buyers will typically review liens, tax returns, contracts, financial statements, bank statements, payroll records... the whole kitchen sink. The more proactive a potential seller is identifying potential trouble areas and getting them straightened out before a buyer starts poking around, the easier that process will be and the more likely a deal will get done.

3. Evaluate your management team – Is the goal to sell to your second in command? If so, have you discussed that? Is that person even interested in

owning your business? Perhaps you are looking to sell to a third party. Will your management team be key to the transaction in order to stay on and help with a smooth transition? Will those people be able to facilitate such a transition or have you been the only person running the show?

These are just a few of the many proactive steps that should be taken in order to strategize a graceful exit from your business. And remember, the earlier you start planning, the easier that transition will be for everyone. ■

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