

# Ten Points Every Small-Business Owner Should Consider

By DENNIS G. EGAN Jr., Esq.

**1** File annual reports. In Massachusetts, annual reports must be filed on or before the anniversary of formation and are required to attain good standing to secure financing, enter into purchase-and-sale transactions, and transact other business.

**2** Keep business insurance current and complete. Unemployment insurance, Social Security, and workers' compensation are all required by law. Make sure your insurance is up to date and your business is adequately covered.

**3** Create a succession plan. Then memorialize it through a cross-purchase or redemption agreement. These may be funded through whole, term-life, and/or disability insurance.

**4** Update your estate plan. As businesses succeed and property and assets are bought and/or sold, the composition of your estate may change. Make sure that your estate plan keeps pace.

**5** File and pay taxes in a timely fashion. One thing is certain: not filing and paying taxes in a timely fashion will lead to penalties and interest that far exceed the underlying tax obligation.

**6** Make sure your business is qualified to do business in every state in which you conduct business. Non-compliance can lead to significant penalties and interest on top of the filing fees.

**7** Review your employment contracts. Recent case law has changed what constitutes an employee versus an independent contractor, and failure to properly categorize workers can lead to significant legal costs, administrative expense, and tax obligations.

**8** Review or create a comprehensive employee handbook. This notifies employees of your business' policies and procedures. It helps to prevent confusion, protects your business from possible litigation, and creates a better work environment.

**9** Revisit your business health-insurance coverage. This will help you to balance the health needs of your employees with containing costs.

**10** Service your company's debt. Are you receiving the most favorable terms available? You may be able to refinance your company's debt, resulting in a lower interest rate and more-favorable repayment terms.



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