



ORGANIZATIONAL DEVELOPMENT

Organizational development is a major step in starting a business. This step will make you think about your business, what you need, and how your business will run. Will your business be operated out of your house, or will you have a storefront? How many square feet will you need?

Employees are another issue that you will need to look at. How many full time or part time employees will you need? Then, you will need to think about insurance for your business and for your employees. One thing you may not know is if you have 3 or more employees (regardless of the number of hours they each work) you are required to carry worker's compensation insurance to provide protection for those injured on the job.

For income tax planning purposes, you will need to look at (1) how income taxes on profits might be either minimized or deferred; (2) how business losses can be used to off-set other income; (3) how increases in the value of the equity might best be protected from income and estate tax liabilities; and (4) how assets can be transferred into and out of the entity on the most tax efficient basis.

Business planning (i.e., non-tax) issues would include: (A) how business entities can be used to limit exposure to liabilities associated with business activities of their owners; (B) determining the most efficient entity structural arrangement from the management perspective; (C) which business form provided the most flexible structure for possible future transfers of ownership interests in the business; and (D) which entity structures enable the most flexible equity ownership and financing arrangements.