

Accountants logo
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A WAKE UP CALL...

In all my years advising businesses I have witnessed relationships crumble, businesses fail and families be torn apart because the owners didn't have a **SHAREHOLDERS AGREEMENT**.

WAKE UP FACTS

- **Death**
If a shareholder dies you could be left dealing with relatives who refuse to sell the deceased's shares – or will only do so at an unrealistic price. Or they decide they want to get actively involved in the business...
- **Shareholder not contributing**
A shareholder could become ill or no longer be able to make a valuable contribution to the business but still retain their shares and happily claim dividends whilst everybody else runs around trying to keep the business going.
- **Falling out or misunderstandings**
With the best will in the world you will at times see things differently. Without a fallback mechanism things can escalate and become unmanageable.
- **Transferring shares**
Without an agreement in place one of you could simply decide to transfer shares to a third party...
- **Price hurdle**
...Even if you get all this sorted, without an agreement you will come a cropper at the price hurdle. A buying shareholder will want to pay less than the seller!
- **Sing the same tune**
There should be a brain dump of things that need mutual agreement: business debt, employee pay, stepping outside the usual remit of the business etc.
- **Business swiped from under your feet**
A perfect storm, you fall out with a fellow shareholder who promptly moves on and sets up in competition and cherry picks the best bits from your business.

GOOD NIGHT'S SLEEP FACT: SHAREHOLDERS AGREEMENT NEEDED!

All of the above scenarios – and many more like them - can be avoided or managed smoothly when there's a Shareholder Agreement in place...

And the time to put it in place is now, **BEFORE** the problems occur.

Ask about our **super-simple Shareholder Agreement service**.
Protecting you properly for when bad things happen...

Take the test overleaf
to see how you score 

How secure is your business? Your family? Your future?

Take the Latham Test and find out:

Score 10 points for every 'Yes' response and 0 points for every 'No':

	Question	Yes	No	Points
1.	Do you have in place a formal process to protect your family in the event of your death or death of a shareholder <i>(whether or not a relative)</i> ?			
2.	Do you have a process in place that stops a shareholder transferring his/her shares to someone else?			
3.	In the event of your death, Is your family protected if your family needs money but a remaining shareholder won't buy your shares?			
4.	If shares are transferred, is there a binding agreement as to how shares will be valued?			
5.	Do you have a mechanism which kicks in if a shareholder working in the business becomes unable to work for long periods of time?			
6.	Are there legally binding agreements between you & other shareholders to stop another shareholder running up debts for the business or taking arbitrary decisions?			
7.	Do you have a formal process for resolving disputes?			
8.	Do you have the ability to stop a shareholder blocking a sale of the business?			
9.	Have you documented the shared vision of the business as between you and your business partner and/or spouse <i>(or other relative)</i> ?			
10.	Do you have protection against an aggrieved business partner/spouse/in law setting up in competition?			

What your Score means:

Less than 40 points: You need to seek proper legal advice urgently. Your business, your family and your entire future could be at risk. Take action today!

41 – 80 points: It's reassuring that you've got some of the bases covered, but you – and your family – are still exposed and the smart thing to do is see a specialist solicitor and get yourself sorted properly so you can sleep peacefully at night.

81 points +: Well done. You've got the majority of things in place and that means you've almost certainly got a Shareholder Agreement that is current, up-to-date and has been drafted by a specialist lawyer so that you and your family are fully protected.

Total Points:

The Latham Index was developed and is copyright protected by Jane Latham, the UK's specialist Shareholder Agreement lawyer.

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