OK at Work: Strategies for Business Resilience in Uncertain Times

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Sarah Sawyer: Welcome to this week's OK at Work with myself, Sarah Sawyer, my colleague Russell Berger, both attorneys at Offit Kurman, and today we are talking about businesses, the economy, what we're seeing. So obviously a lot of our clients are in the business of, buying and selling their business, so they might be on the sell side, someone's looking to get out of their business and sell it, or they might be on the buy side. And definitely a lot going on just in the marketplace right now. With some uncertainty around the economy. Some banks are seeing that and uncertainty always creates a lot of havoc in the business world and in the financial regulatory industry and with banks and all of that kind of stuff.

So we're definitely seeing that impact on our clients and the impact on the structure if they maybe want to sell their business and getting creative in different ways, maybe extending more seller financing and, trying to secure that [00:01:00] with property that they're selling.

But what are some things that, clients should be keeping in mind? Businesses should be keeping in mind when we're dealing with this kind of uncertainty when they might be making moves as it relates to their business, Russell?

Russell Berger: Yeah, as lawyers, I think we're planners by nature.

So this is easy for us to say because at least for me anyway, it's a default setting. When there's uncertainty and there's questions out there, I think it's worth taking a little bit of time to try to bring as much certainty to the mix as you can.

In one way, obviously can't control the. The national, their global economy. But, can you put yourself in a little bit better position? Can you take the time to make sure your contracts are a little bit tighter? You get a little more security, you're taking a little bit less credit risk with customers, and if you do go the route of, getting security, are these things secured interest, like UCC secured interests are these things where you need to go through a formal process to perfect your lien or your position on something. Because right now, maybe it's worth doing that because especially given your [00:02:00] industry, whatever that might be, there may be enough uncertainty, like, Hey, I don't normally do this. It's outside my ordinary course, but right now, I think it might make sense to put myself in a little bit better position, so hopefully nothing bad happens, but if it does, I'm protected or I'm more protected than I might otherwise be.

Sarah Sawyer: We talked about this a little bit with contracts in general as well. I think people are taking an even closer look because when you're going to buy a business to say you're trying to project out based on prior performance, well, alright, how's this business gonna do?

What's the hell of this business? What does that look like? And you always wanna look very carefully at that, but right now it's even a little bit more uncertain and with tariffs and different things that are going on that there's a lot to look at.

It's a lot more difficult to plan out that future contingency. So I feel like there is gonna be a lot more looking deeply at the contracts that that company that you're acquiring might have, and then also the agreement itself on the purchase side saying, alright, well maybe we wanna hedge a little bit because performance is uncertain based on all these factors. So I think the [00:03:00] contracting side of things, there's gonna be way more diligence as well in looking at, hedging your risk and trying to plan that uncertainty depending on the industry.

Russell Berger: Yeah. When the economy's going great, you can take more risk because there's less things that are putting, cash flows and business valuations at risk.

When there's uncertainty, like I said, maybe that'll still work out to be the case, but we don't know. We can see, some money starting to tighten up. So yeah, do your homework. If you're on the buy side and if you're on the sell side, shine things off as nice as you can. Go that extra mile because there will be a return on it.

Sarah Sawyer: Well I think there's a lot of room for creativity in that as well. So you can see it as a negative thing and be cautious, but also there's some positivity there as well. So I think there's ways to be creative and be thoughtful in your approach.

Thanks Russell, and we'll see you next time.

Russell Berger: Thanks Sarah.

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