

Speaker 1: [\(00:03\)](#)

Welcome to the Vanek Weaver legal visionaries podcast brought to you by interactive legal here's your host Mary Vandenack

Speaker 2: [\(00:12\)](#)

Welcome to today's episode of Vandenack Weaver, legal visionaries, a weekly podcast discussing updated legal news, evolving methods of providing legal service and law practice issues. My name is Mary Vandenack founder and managing partner at Vandenack Weaver, LLC. I'll be your host. As we talk to experts from around the country about closely held business tax trust and estates, legal technology, law firm, leadership and wellbeing. Before we start today's episode, I want to thank our sponsor. Here's a message from interactive legal.

Speaker 3: [\(00:51\)](#)

There's always a resistance to change, particularly with attorneys, attorneys like to look back at what's worked in the past, and that makes a lot of sense. But when you realize that with a good automated drafting system, you can do a better job for your clients. Deliver documents on a more timely fashion in a more consistent and a more costly manner. If you are not a subscriber to interactive legal, I urge you to go to interactivelegal.com and click on requested demo. And you'll be contacted about having a demo of interactive legal for you, which can be done right over the internet. Don't have to leave your office. No salesperson will call. We can arrange it at a time and convenient for you. So please go to interactivelegal.com and click on request

Speaker 2: [\(01:39\)](#)

And demo today's episode is intended to give insight and practical advice to anyone who has thought about leading corporate America or as a lawyer, a big firm to start their own business or law firm. My guest today is Stephanie Sharp. Stephanie has recently joined Vandenack Weaver, and I'm really happy about that fact. So Stephanie and I share the experience of having started her and law firms, and she enjoyed it so much. It was a little tough to talk her into joining. I said, well, let's like bring these together and see if we can do some really cool and special things, but we both had the experience of running our own practices and you know, are gonna do some really fun things going forward with that. So thanks for joining me today, Stephanie,

Speaker 4: [\(02:22\)](#)

Thanks so much, Mary. It's a plug to be here and I'm very excited to be part of the Vandenack Weaver team,

Speaker 2: [\(02:27\)](#)

Very excited. And one of the things I've seen just since you've joined us, that you definitely have the entrepreneurial nature that it takes to start a small business. So what, why is it that you are passionate about working with entrepreneurs who want to start their small businesses?

Speaker 4: [\(02:43\)](#)

Yeah, so I, you know, I had a unique experience working in house and then working at, you know, a large corporate law firm and have truly enjoyed helping other people encapsulate or, accomplish their dreams to set a goal to go out on their own, whether it's a product or a service that they want to provide or perhaps it's a unique culture that they want to create with their own business. And so I truly enjoy working with people who have a vision for their lives. It maybe doesn't fit in with the very, you know, regimented structure of corporate America at times. And so I've focused a lot on just helping those

people both on the legal side and not legal.

Speaker 2: [\(03:20\)](#)

And so if somebody comes to you and they starts talking about starting a new business, what is the first thing you suggest that they think about?

Speaker 4: [\(03:28\)](#)

You know, it's not legal in nature, but I like to make sure that the person who's coming forward has sort of a really good understanding of their own strengths either are some wonderful business coaches out there. There are some also some published, you know, manuscripts and different tools you can use to assess your strengths and weaknesses and identify those gaps so that, you know where your strong points are so that you can fill in for the areas that maybe you're not so strong I kind of like to have my clients do kind of a, an internal assessment of their own unique capabilities before they start.

Speaker 2: [\(04:02\)](#)

So it's really important in starting your own businesses kind of knowing who am I, what am I good at and where do I need to get help? Exactly. So if I'm a disorganized person, I might want to have somebody make sure I have somebody that works with me. That's super, is there a system that's super organized or absolutely, or going into this business, like one of, you know, your skills is you're just awesome in terms of dealing with people and talking to people. So that's a great skill. Somebody more introverted might have challenges say with business development and need some different help. Absolutely.

Speaker 4: [\(04:38\)](#)

It's a great way to synthesize it and summarize, is it

Speaker 2: [\(04:41\)](#)

So assuming somebody takes your advice on this matter and says, yeah, you know what, I really want to do an assessment. Where can they go to get that done?

Speaker 4: [\(04:49\)](#)

Like I said, there are some really good coaches out there. I also, you know, have used some of the Gallup tools and I think, you know, many corporate America type positions, once you get into the executive leadership will do those sort of assessments I had the, the experience of working with a coach actually through Gallup who did personalized training on strengths and, and how to, you know, enhance those and how your, my strengths would interplay with other people's. And so it was a very good experience for me to help me understand sort of how I approach tasks and how, to manage, you know, a project from start to finish. And so I would encourage everyone to kind of invest that time in themselves you know, as they think about becoming a business owner, potentially employing staff,

Speaker 2: [\(05:32\)](#)

And I'll bet you have achiever activator in your top five or both. Yes, both. Yeah. That was my guess. Exactly. So I have both of the same and I think we have a lot of some similarities. Yeah. So I was a, just a kind of hazardous guest there. So one of the scary things about taking a leap into your own business, and I remember this for myself, you know, I had a, I was a single mom with a young kid at home when I decided to found a law firm and that's a really frightening thing. So it's the financial end of the business, which should somebody be thinking about in regard to the financial end?

Speaker 4: [\(06:07\)](#)

You know, I think it's very important to work with someone, whether it's external or whether you have that background in accounting and finance to really develop your, your business plan. And then to also have the appreciation and understanding that there's you know, can be a lag oftentimes in your AR and having enough saved up front to be able to withstand you know, the delay in payment and to afford the startup costs, et cetera. I will say that, you know, similar to you, I started my business pre COVID and I was, you know, to have, a number of great clients through that entire period. But I will say that, you know, it's important to you know, look forward with, you know, anything can happen and let's, let's come in with a solid amount of savings and some, some plans in place so that you can weather any sort of volatility that might occur in your business.

Speaker 2: [\(06:54\)](#)

So you mentioned the business plan, which I think is a super important. I think sometimes people will think, Hey, I'm gonna just, I'm gonna go do this. I'm gonna go found a law firm or I'm gonna, so when you say business plan, could you just give an example, like maybe even starting your own practice, some of the components of the business plan or what you thought about that went into that?

Speaker 4: [\(07:14\)](#)

Yeah. So I kind of took it from a very basic level of, you know, you think about what you, your overall mission is, or what is the, what is the mission of your organization? What is your goal globally? And then I broke that down into sort of what are, how am I going to achieve that mission? What are some tangible realizable goals that I, you know, should focus on within that realm in order to achieve my mission. And then I got, you know, in granular, down into it, you know, what are my inputs? What are my it's? I looked at the financials. I looked at diversification of clients. I mean, I think all of that, like, pre-thinking, I mean, I think, you know, it's so easy to want to just jump right in, but I think that that amount of planning and when you really sit down and have a vision for what it is you want to accomplish, you are more likely to be successful.

Speaker 4: [\(07:55\)](#)

If you have that really strong, clear vision of what it is that you're hoping to accomplish, who your clients are, what your products and services are. I think it's easy for a small business owner to want to jump in and tackle 10 things at once. But I think we have to, you have to really focus yourself in, especially early on to what your core competencies are, so that you don't get distracted. I mean, you think about the 80/20 rule, right? 80% of your revenue is made up by the, the top 20. So let's focus on where you're good and where you're strong and then build your business plan around that and, and tackle that.

Speaker 2: [\(08:28\)](#)

And you define, we call it, it Vandenack Weaver, we'll call it, refer to it as an ideal client. Did you define, this is the kind of client that I'm going to take on as I go out into my practice Absolut,

Speaker 4: [\(08:40\)](#)

And I think so much of this. I mean, you think about sort of the, the mentality that it requires to start your own business. I mean, some of this, it is perseverance. It is confidence and it is being, being okay with saying no and turning clients down. I mean I will tell you that in the early days of starting my business, you know, there was some of that, oh gosh, I should take on every client. And I uncovered a couple that would've been great high paying clients that perhaps I didn't fully appreciate their business objectives. And maybe they had a, kind of a spin on their stuff that was necessarily above board and in choosing not to represent certain clients, I made way for all of the good clients. So, and that's, I think a risk you have to take and just understand that your value is there.

Speaker 2: [\(09:27\)](#)

And I think that's true of any business owner, whether it's a lawyer or somebody going into a retail business or that they sort of, of trying to serve anybody and everybody to begin with, as opposed to really saying, this is the market that I'm gonna go into, this is what the client or customer looks like for me. And then focusing the marketing efforts on that. And especially like, you know, as you and I both went well, I left with a partner. So it was two of us it was one of you at the end of the day, we couldn't be everything to everybody. So we came out of a big firm and we had to say, oh, you know, what is our skillset? Mm-hmm . And given that we don't want to be a big giant firm, who can we serve? And I, I think that's true for any business, don't you?

Speaker 4: [\(10:09\)](#)

I absolutely agree. I absolutely agree. And I think you find, find your niche, right? And, and don't, you can't be everyone for everyone or everything for everyone rather. It really is, you know, focusing on what you're good at. And I think that that just creates your business for you. I mean, I think when you, when you enter into a space and you're knowledgeable and, and you're doing good work, I mean, as you've seen with your, the growth of your firm with Vandennack, I mean, it's just, it's organic when you're doing good work in a space that you're knowledgeable in

Speaker 2: [\(10:36\)](#)

Deciding you're gonna be. So we we're a full service firm, as opposed to some firms are, you know, consider themselves more commodity or transactional firms, things like that. And that's worked for us. And what we found over the years is when we ventured into areas that were not our core competencies, we got the big half. And so we've finally made this commitment is we're gonna stay in the areas of our core competencies. So if somebody's thinking about, they've kind of sat down, did a business plan in the evenings and on the weekends, worked through decided where they're at financially evaluated strengths and weaknesses. And they're like, you know what, I'm gonna do this. What do they need to be thinking about before they give notice to the current employer?

Speaker 4: [\(11:17\)](#)

You know, I think it's important to have your team assembled, you know, your attorney team your accountant slash bookkeeper who's ever gonna help you with that component of it. It's also very important to understand any employment agreement, restrictions, or other restrictions that may be included. I had a client that left practice in a non-Nebraska state and was attempting to go out and start his own business. And under the laws of the state that he had previously been employed in the, the enforceability of some of the non-competes and nons, solicits were much, much more readily accepted by the courts. And so I think, you know, jurisdictionally, you have to look at what is in my contract is my state going to enforce that? And you know, what is the timeframe, if it's a blackout period of one to two years, you know, having that, that knowledge so that you're not getting yourself into trouble. Um, so reviewing your employment agreements, reviewing your policies and procedures, if you're subject to a severance, agree the termination of an employment, understanding what those, um, restrictions are. And then, you know, very importantly, having all of your corporate documents and everything kind of ready to go.

Speaker 2: [\(12:22\)](#)

And what about like bringing in a flash drive and copying the contents of your employer's computer on all the address?

Speaker 4: [\(12:31\)](#)

Can you do that the day before you leave? Absolutely not. Unless you want to get in trouble.

Speaker 2: [\(12:34\)](#)

It's gonna create a problem, but we get clients who call and do that. So that's just why I wanted to ask that question. It's it seems, seems like common sense, but it's very often, I think what you have a little bit of panic is you're getting ready to walk out the door and you're trying to, is there any legitimate way, legitimate way you can have some of the information if you've worked with particular clients or customers that is not gonna violate any laws or get you in any trouble.

Speaker 4: [\(12:57\)](#)

You know, I think it's gonna depend a little bit on the type of industry. I mean, I think you want to give a global answer for this is acceptable, but I think various industries are much more lenient on taking information. For example, in the healthcare setting, if a physician wants, you know, a physician has a duty not to abandon its his or her patients. So there's an argument in that setting that, you know, client lists or, or patient lists, or making sure that your patients know where you're going, becomes a piece of information that you could potentially argue you were entitled to. I think it's kind of a facts and circumstances situation. And I think that everyone should look at, you know, what's industry, you know, industry standard and, and get good legal advice on that up front before you attempt to, you know, download everything off your computer, which is, you know, a corporate, um, piece of property. And I think that, you know, you also have those policies and procedures in place that are going to address some of what you can and can't do, um, as you're departing your organization. So I think it's important for, for anyone that's thinking about leaving to understand, you know, where, where the guardrails are.

Speaker 2: [\(13:57\)](#)

If you have a positive relationship with the employer that you're departing from, and you're going into a non-competitive business, and let's say they're supportive, let's see somebody in our office decided they wanted to go be a personal trainer. We have somebody that works for it. We have a few people that work for us and might do that. Right. And so we're like totally fine with that. Is it then possible to enter into a separation agreement that, to the extent there might be any value in some of that information that you could take

Speaker 4: [\(14:23\)](#)

That? Absolutely. And I think having that discussion is so important. I mean, one of the things that I learned in leaving corporate America is you just, and especially being in a community, uh, such as Omaha where, you know, everyone kind of knows everyone, or you get to really build some strong relationships. I think it's important not to, you know, burn the bridges, have the discussion, be upfront with everything, um, you know, integrity above all else.

Speaker 2: [\(14:45\)](#)

And one of the things I think, as you're going into your new business is making sure you have the right insurance. Absolutely. What does that look like?

Speaker 4: [\(14:53\)](#)

Well, I think it's easy to think about, you know, your business insurance in the healthcare sphere, especially with, you know, the uptick in telemedicine and some of the ways that we're using technology to deliver care. Really in the last five to 10 years, we've seen a huge uptick in cyber liability insurance. I mean, I recall all, you know, when that was sort of an archaic, only Lloyds of London was ensuring for

that. Now it's become a commonplace type of insurance. And so I think that depending on the industry, you need to evaluate, you know, your general liability cybersecurity, cyber-crimes. I mean, that is definitely on the uptick. Then I also think you need to assess your own individual policy needs. I mean, as a small business owner, you know, your umbrella policy are you, if you're working from your home from the, for the first year and you're having invitees into your home, that's another thing to think about is just not only the business insurance, but the personal insurance as well, malpractice, et cetera,

Speaker 2: [\(15:47\)](#)

We are going to take a brief break from our episode for a word from one of our sponsors, Carson, private client

Speaker 5: [\(15:53\)](#)

Wealth planning focuses on liquidity management and charges you a fee based on a percentage of your assets. But entrepreneurs typically invest in their business resulting in light liquidity. That requires a unique strategy at Carson private client. We provide a proactive and holistic strategy for building and protecting your wealth. Our mission is to alleviate the stresses and the burdens of coordinating all of those financial strategies. Carson, private client will work with your current team of advisors to customize a strategy that manages all aspects of your life and wealth, giving you back the time to focus on what matters most complex needs require sophisticated solutions. Reach out to our office at 402 779 8989 to schedule your consultation, investment advisory services offered through CWM, LLC and S E registered and advisor.

Speaker 2: [\(16:54\)](#)

Let's continue our episode. Now, what about intellectual property? That's something we like to talk to new business owners about because what we see sometimes is they start going down a path and then business grows and then they realize that they're trying to develop a brand. But when we go to try and register marks or things like that, they can't get it.

Speaker 4: [\(17:14\)](#)

Yeah. And that's so important. I mean, it's so easy to engage your marketing firm and really invest some dollars in your marketing budget without looking at those protections. And I think it's, you know, I've had a clients burned by that as well, where they had a trade name filed, and now they've got a competing business. And, you know, unfortunately, I mean, even with the secretary of state, it's really within discretion in Nebraska to decide what is a you know, a conflicting or an overlapping name. I think it's very important to have someone up front to help you with your design and ensure that it, like, as you said, it is protectable.

Speaker 2: [\(17:48\)](#)

So what you should be doing is when you think about it, as you're starting the business, there's the legal document element. That's really important. There's what types of intellectual property are you gonna use? Are you gonna create materials? We might have a client creating materials for a class that's gonna be online, all those type of things, whether it might be a copyright thing or

Speaker 4: [\(18:06\)](#)

A federal trademark, or you, even if somebody's starting a business locally taking a look at well, this is the business type that might go national or even international. So at least taking a look at the federal trademark register to see if they have any competition and talk, having that conversation. Absolutely. And I think even with COVID, I mean, I think that when things shut down business, we're forced to sort

of be nimble and figure out alternative ways to deliver their product. And so I think now more than ever even we're seeing not just state laws being implicated, but federal laws because we're, we're transmitting content over, you know, YouTube and the internet and via, you know, zoom or whatnot. And so I think it's important as business models change to kind of look at those, those federal trademark issues as well.

Speaker 2: [\(18:52\)](#)

And can you speak just a little bit to the difference between the legal structure and the tax structure of the entity that you established? So a lot of times somebody calls me up and they say, I want to form an LLC. And I'm like, great. We can form an LLC. They have an assumption that that means they formed like a partnership that for partnership tax purposes, which isn't necessarily the case. So I think there's some confusion about that. Can you clarify here's legal types of entities and here's tax structures?

Speaker 4: [\(19:24\)](#)

Yeah, absolutely. I mean, so I think that it's common for people to want to establish the LLC. That's become kind of the, the most fluid of maybe the organizational structures on the legal side, but even with an LLC, you can elect S-corp status, right? So you can be taxes and S Corp rather than an LLC, which is passed through taxation you know, you also see SCOR, C corps and with the S Corp, you know, you've got one you can only have one level of manage structure. So if you wanted to have a class, a and a class B that's a legal consideration as far as like what you are establishing in the professional space, we see a lot of, you know, PCs established for physician groups and things. But I think that to your point, just because you set up an LLC doesn't mean that your tax is going to be necessarily mirrored to that. I mean, there's some things that you can do outside of just setting it up as a, a regular pass or LLC that would meet your tax needs.

Speaker 2: [\(20:18\)](#)

So from the legal perspective, I can set up a corporation that might be tax as a C CPER and SCOR. I can set up partnership, that's gonna always get taxes, a partnership tax. I cannot use an entity and have I'm a so per a proprietorship. And those are my legal formats. Absolutely. But then among those different things, I through the LLC, I think you said it's the most flexible, so I can be a C Corp S Corp partnership or disregarded entity in that field. And I think that's where people get confused, they call you up and make an assumption. So I always like to clarify the difference between that, but why does that status matter, especially the tax status?

Speaker 4: [\(20:53\)](#)

Well, and I think, you know, we're seeing a lot of changes proposed to the, the tax structure with president Biden in office. And so I think that even now more than ever with tax rates are increasing, I mean, does it make sense to evaluate what you're your structure is? I mean I think that it, it becomes increasingly important as tax rates rise and at LLC or a disregarded entity for tax purposes, if your tax individual tax rate is lower, then perhaps the tax rate on a C Corp, um, does it make sense to reevaluate? So I think, you know, taxes drive a lot of the decision around your, your entity formation.

Speaker 2: [\(21:27\)](#)

And what about the Legal structure? Does that matter from protection perspective? Or why do we care about that.

Speaker 4: [\(21:32\)](#)

I like to look at it from, you know, choice of law and venue. I mean, we've got some good, robust

statutes in place on both the LLC side and then the corporate side. I think it's important all the way around though. I mean, especially from an asset protection standpoint and things, and mean, I think having a good corporate structure in place is just important and it isn't always necessary.

Speaker 2: [\(21:51\)](#)

I think people often will form an entity in their home state just because, Hey, this is where I live when the actual right answer, like we form a lot of entities in Wyoming or we form them in Delaware or Nevada or South Dakota. And so I think it's important that there's not an assumption about this is the right state. So I think you mentioned venue and that matters.

Speaker 4: [\(22:12\)](#)

Absolutely. Absolutely. And I think that's very, I think that's thinking outside of the box, because even, you know, some of the other law firms local, your attorneys locally may not have the same view, but I think if you're, if you're looking nationally at the tax laws, I mean, I think that you're doing exactly what you need to do for your clients is giving them the best, you know, choice of law and, and tax situation to operate their business.

Speaker 2: [\(22:32\)](#)

And there's the federal tax law and then there's state tax laws. So like one of the reasons that we use Wyoming is because Wyoming has no state income tax, but they have very favorable LLC rules. Right. And the state taxation has become one of the significant issues. So if, is there a difference if like you started out, it's just you, your solo. Okay. So there's the legal documents, all of the tax structure that you have to consider about versus if you go in with a partner to start,

Speaker 4: [\(23:00\)](#)

I think it's increasingly important if you have a partner or more than one person to make sure that your governing documents are solid you know, early in my practice, I witnessed too far ends that started a business together at the tail end of the deal, they had not taken the recommendation of legal counsel and entered into an operating agreement. And so they were literally fighting over individual chairs in the office space that they were liquidating. And so I think it's important. I mean, nobody, nobody wants to think about disagreements and whatnot. But I think understanding, especially if there's two people where there could be deadlocks understanding, you know, and setting the rules up front around how that business is gonna operate and how liquidation will work. Your organizational documents are also very important for preventing your partner from potentially reassigning or, or allowing another partner into the business or otherwise diluting the, the company. I mean, I think it's very important to have good you know, documents in place. I mean, and also, you know, the other aspect of it is, you know, if you don't have the documents in place, you're basically defaulting to state law. And so do you really want the state to dictate, you know, how you know, the laws or rules that apply to your company?

Speaker 2: [\(24:09\)](#)

So that's why people ask me the value of a premarital agreement. I always say, well, you can either sit down and make your own decisions about how your marriage works or you can let you know, everybody else has ever gotten divorced before you in state laws. And that's the same thing when you get into a partnership up in business. Right? Absolutely. It's just as important that you sit down and that you decide what the rules are gonna be. Well, you've kind of gone through the starting your own business. Can you say if you're just share some of the lessons learned and some of the important keys that you would offer based on that experience? Yeah,

Speaker 4: [\(24:42\)](#)

Absolutely. I mean, I think the biggest one is just I, you know, subscribe to a lot of different podcasts and learn from other, especially women who had started their own businesses and grew those and sort of how they managed to overcome diversity. And I think that that is really a critical point because no one, no one who's ever run or, or started or grown a successful business has ever taken no, and just let it and walked away. Right. So if there's a pitfall or, or a client turns you down in a legal space, or your idea is you know, not accepted by your first five potential options for financing. I mean, I think you just have to believe in yourself and never give up. And I think that that is the one, probably one of the, the biggest pieces that I learned is, you know, you can't make everyone happy but focus on the ones you've can, and, and just don't give up on yourself. I mean, I think that that is just critically important to be successful.

Speaker 2: [\(25:31\)](#)

So I have two signs in my office, so I to share with you, so one of them says never, never, ever give up. And the other one says do epic. And it says, epic has the S word I won't use on the podcast, but it says a very graphic thing. And I think those are really great.

Speaker 4: [\(25:46\)](#)

I have a sign of my office and it says, today is a good day. And I think that you have to treat your, you know, and so I think that that mentality is really important.

Speaker 2: [\(25:53\)](#)

And another thing when you do go into your own business is that you have to be concerned with protecting your personal assets in case your business does fail. Let's hope that's not the case, but what steps can you take to protect your personal assets from the possibility that the bus, this doesn't make it, or just that there's a lawsuit involves a business that somehow there's personal liability related to it? Absolutely.

Speaker 4: [\(26:14\)](#)

Well, we talked about having your separate legal entity formed, but then also not just, you know having the entity form, but also, you know, having the bank accounts in the organization's name, running all your finances through it, ensuring that you're following corporate formalities are you appropriately capitalized? I mean, these are all important factors to make sure that your, business is truly operating independently so that, you know, a facts and circumstances test would come through, um, abiding by any fiduciary duties that you might have to the corporation ensuring that you're not mismanaging funds, you're making all, you know, those fiduciary decisions as an owner operator that are in line with the business keeping good minutes. I mean, all of that is important to show that this is a legally separate and distinct entity. So this is

Speaker 2: [\(26:56\)](#)

My personal account. This is my business account. Keep these separate is the bottom line. Absolutely. So any last thought today, Stephanie?

Speaker 4: [\(27:04\)](#)

I think this has just been a pleasure and happy to, you know, I love, I love this topic generally. I mean, I love helping people to kind of accomplish their dreams. And so it's kind of a fun one for me.

Speaker 2: [\(27:15\)](#)

Well, thanks very much for being here today and thanks to our listeners for tuning in to our podcast and listening to today's episode, stay tuned for our weekly releases.

Speaker 6: ([27:30](#))

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