

And the Answer is ...

Law Offices of Donald W. Hudspeth, P.C. | By [Donald W. Hudspeth, ESQ.](#)

The firm often receives calls asking about the price of X, where "X" is, say, forming an "LLC." This question presents a number of issues; for example:

1. How do you know you need "X?" While "Y", a corporation, may be much better for you based on the details of what you tell us you are doing. Asking for the cost of X may be like asking for the cost of pain medication when your pain isn't caused by fibromyalgia, but a low thyroid or other problems. The point is, "X" may not even be the right "prescription" for your case.

2. Who are you, i.e. what is your company, and what are you trying to do? If you are just starting out, then a priced-based question might make some sense, but even then the type of entity you choose and where you form it -- among other decisions -- depends on a number of factors, including your expected profitability, the number and classes of owners, immediate versus long range plans, etc. For example, if you are seeking an investment by a business development company and/or an accredited investor, then an Arizona LLC (particularly without the necessary and proper accompanying documents) may have "novice" written all over it. We seldom form an Arizona LLC for companies that are going to do business at the national or international level.

So, the best Answer the firm may give to your question is: "Before I commit malpractice by giving you a price (and implied prescription) for something you may not need, or where something else might be better, or also needed, tell me about your company."

1. What problem are you trying to solve? (Such as, limit the liability - A key employee who may leave and take half the clients with her?)
2. Who owns the company and where do you live? (What state, and are the operations all in one state?)
3. Is this a start up, or an established company?
4. Do you plan to expand multi-state, or to have one location only?
5. Will you have key employees who are not owners?
6. Will you rent commercial space or work from home?
7. Is your trade name and/or trademark important to you? Can you afford to lose it?
8. Do you plan to sell the business someday, so that having an established "brand" and "good will" associated with the company name and trademark are important?

9. Do you have a logo, trade name, key ideas, inventions or products that need intellectual property protection (patents, trademarks, copyrights, etc)?

10. Who is advising you on your growth? If you haven't "been there before" and do not want to learn valuable lessons the hard way, how do you prevent or mitigate tomorrow's problems today? A business lawyer with 20 years of experience may have met with hundreds or even thousands of clients with objectives or problems similar to yours. It is foolish, if not inefficient, not to take advantage of that knowledge and experience. You don't go to a foot doctor to treat your thyroid.

Building a business is like building a life. Where you start depends on who you are, where you are, where you've been, and where you want to go. The question – and the answer – are much more important and complex than "How much is X?"

So, tell me about your business. We love to listen and to help. That's what we do. *We are business lawyers for business owners.*

For more information about business law topics and the Hudspeth Law Firm please visit our website at azbuslaw.com or call us at **602-265-7997**.

Donald W. Hudspeth is president of the Law Offices of Donald W. Hudspeth, P.C. in Phoenix, AZ, where he is the senior attorney in the firm's transaction group. Don can be reached at DWH@azbuslaw.com.



© Copyright 2012 Law Offices of Donald W. Hudspeth, P.C.

This article is not intended to provide legal advice. Always consult an attorney for legal advice for your particular situation.