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A NEWSLETTER FROM

MEZA TALBOTT LAW

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Mistakes to Avoid When

Succession Planning for Your Business

Here are the top mistakes that people make when creating a business succession plan – and how you can avoid them.

Not Adopting a Formal Strategy

Too many business owners rely on informal arrangements; they simply talk to others about vague plans once they retire. For a succession plan to be successful, a formal strategy must be put in place. Your formal strategy should align with the strategic goals of your business and include information such as:

- The identification of the key roles within your organization.
- Job descriptions and the skillsets



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necessary for these roles.

- Objective criteria and a continuous performance management strategy to assess potential candidates.

Keeping Your Plans Secret

Keeping the details of the succession plan secret can lead to significant conflict. Estate planning disputes often arise because of failure to communicate, misunderstandings, and incorrect assumptions. The same is true for business succession planning.

Family business owners may be afraid of being honest about their succession plans because they are worried about causing family discord.

They may not be prepared to talk to family members about money.

For businesses that will not be transferred within the family, conflict may still arise when employees feel that they were misled or kept in the dark. Employees who were slated to be part of the next generation of leadership may leave the company because they were never informed of the opportunity for advancement.

When business owners do not make their succession plans public, other owners or directors of the company may be under the mistaken belief that there is no plan. They may feel insecure and leave the business for other, more secure opportunities.

Transparency about your succession plans accomplishes several objectives. It instills employee trust in the company. It enables employees to know what is expected of them to advance to leadership positions. It motivates potential future leaders to achieve desired performance metrics and to commit to the business. It minimizes the risk of conflict because you can explain your plans while you are still with the business.

Making Succession a Competition

While employees should be motivated to work their way up in the company, do not make succession feel like a competition. You do not want employees to feel pressure to minimize the contributions of others within the organization. This can breed a negative business environment that is destructive and threatening to your business' future.

Not Considering Tax Consequences

If a business owner sells or transfers ownership of the



business, there may be tax consequences. Your business may be worth enough to subject your estate to estate taxes. If the value of your estate exceeds the estate tax exemption in effect for the year of your death, estate taxes may claim a significant percentage of your taxable estate. To pay the taxes, your estate may need to liquidate business assets or your business may be burdened with significant debt to pay the taxes. Other potential taxes may include gift tax, income tax, and capital gains taxes. All of these tax consequences should be considered when determining the succession of your business. An estate planning lawyer can work with you to devise a plan that minimizes the impact of taxes on your business.

Over or Undervaluing the Business

Some business owners have an inflated sense of their business's value. While you may feel your business is priceless, you must quantify its value as part of your succession planning. A firm understanding of the value



of your business should inform your decision to sell the business, transfer it, keep a portion of it through your retirement, or make other plans for your succession.

When you establish your business, consider a methodology for valuing the business. If your business has co-owners, you can incorporate the valuation methodology into your buy-sell agreement. This will make it easier for you to value the business when the time comes because you already have a pre-approved evaluation process.

One objective way to value your business is to hire a business appraiser who can evaluate your financial

documents, business goodwill, and historic data to provide an estimate of what your business is worth. This documentation will give you a clear sense of your business's value and provide you with objective support if you decide to sell the business.

Not Facing Reality

Some business owners refuse to admit that they are mortal and business succession will happen. Your death or retirement is inevitable, so you must consider your succession when it is a far thought in the distance. It is better to be proactive about your succession instead of waiting for disaster to strike

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Know Your Holidays

Tricks and Treats: Halloween History

Halloween is one of the most popular and widely celebrated holidays in the United States. October 31st brings with it black cats, jack-o'-lanterns, ghost stories, and creative costumes, but where did these traditions come from?

Alternately known as All Hallows' Eve or All Saint's Eve, most historians attribute

the earliest origins of Halloween to the Celts, who celebrated the end of the summer harvest

season each year with a festival called Samhain. This occurred directly before their November

1st New Year celebration, when it was thought that the boundary between the earthly realm and spiritual plane waned, increasing the chance for visitation by the souls of loved ones and supernatural beings like fairies.

To commemorate Samhain, the Celts would wear costumes and engage in practices like bobbing for apples and lighting bonfires. They would also try to tell each other's fortunes and communicate with the spirit realm.

In later centuries, the spread of Christianity via the expansion of the Roman Empire blended traditions like Samhain with events like All Souls' Day, which still occurs annually on November 2nd. All Souls' Day carried many of the same traditions as Samhain, such as dressing up in costume and parading around bonfires. Eventually, these varying holidays morphed into what we now refer to as Halloween.

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Barks and Boos

Halloween Pet Safety Tips

The spookiest holiday is (lurking) right around the corner. As the leaves change color and the animatronic ghouls come out to play, it's good to remember that while Halloween can be fun for you, it might not be as fun for your pets.

Save the tricks for humans, and treat your furry friends to a safe Halloween with these tips:

Keep your pets inside.

With Halloween comes loud noises, potentially toxic decorations, and young pranksters who may not love animals as much as you. Keeping your pets inside will ensure they don't accidentally ingest anything that glows or vibrates, as well as keeping them safe from tricksters. When greeting trick or treaters at your door, you may even want to consider keeping your pet inside a bedroom



to avoid startling or confusing them.

Keep the candy under wraps. Hide any candy (even if it's tightly sealed!) in a designated spot that your pets can't reach, and consider using a safety latch or even a lockbox

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In America, observance of this hybrid holiday remained relatively limited until a wave of immigrants from Ireland and Scotland arrived in the middle of the 19th century. Bringing with them the traditions of their homelands, they helped popularize the concept of Halloween. By the early 20th century, All Hallow's Eve was widely celebrated in all corners of the country.

Various symbols came to be associated with Halloween over time, the most famous being the jack-o'-lantern. Traditionally carved out of a turnip in both Ireland and Scotland, Americans turned to a familiar, widespread alternative native to their new land: the pumpkin. Representative of souls trapped between heaven and

hell in folk tales dating back centuries, jack-o'-lanterns are now a familiar sight on porches and lawns each autumn season.

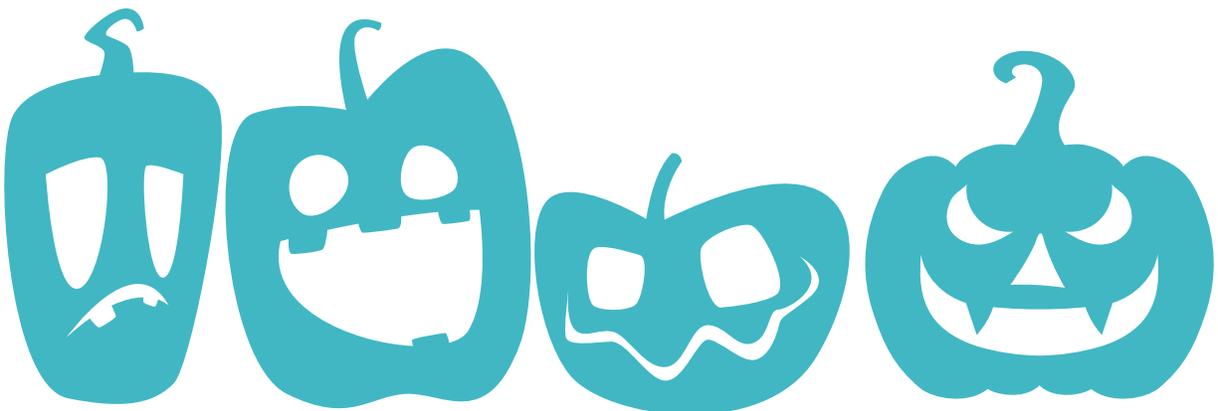
Superstitions surrounding black cats similarly predate the modern Halloween holiday by several hundred years. In the Middle Ages, it was a common belief that witches would disguise themselves as black cats to creep about unseen. As the ancient Samhain festival was believed to occur at a time when supernatural activity was at its peak, witches and black cats gradually evolved into steadfast symbols of Halloween trickery.

As for trick-or-treating itself, the origin of this particular act has its roots in both Celtic "guising" and Christian "souling." These traditions

involved dressing in costume to protect oneself from spirits or pay tribute to souls and saints, respectively. Food-wise, the Christian concept of households trading "soul cakes" to groups of children or parishioners in exchange for prayers for the dead may be the most direct origin of trick-or-treating as we know it today.

Halloween has a rich history full of individual customs that have merged to form the holiday we know and love. Whatever your particular trick or treat may be, we wish you a safe and happy All Hallow's Eve. 

Illustrations by pch.vector



and having to react to it.

Accept that you may need help with the business succession process. Do not try to complete this process alone; the stakes are too high. A qualified business succession planning lawyer can help you identify your options, anticipate possible issues, and develop a solid plan that provides clear leadership now and in the future.

Failing to Update Your Plan Regularly

You should regularly review your succession plan. Consider modifying your plan if significant changes occur.

An estate planning lawyer can work with you as you develop an initial succession plan. As circumstances change, your lawyer can assist you in revising your plan to keep your business on the path to a successful transition. 📌

Illustrations by pch.vector



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to store your Halloween goodies.

Make sure decorations are out of reach. Better yet, consider keeping all eyeballs, cobwebs, and lights strictly outdoors—decorations can cause tangling, choking, or poisoning. You may be surprised to find that even pumpkins, though generally not poisonous to pets, can cause painful digestive issues in your animals when consumed in large quantities.

Have some fun, animal-appropriate treats ready. Make sure your pets have

some of their own treats, so they don't feel left out (and hopefully avoid any of the human treats)!

Reconsider your pet's costume. Costumes may be one of the best parts of this hair-raising holiday, but your pets might not feel the same—as cute as it might be to dress your dog up as Elvis, if your pet looks like they would rather be anywhere else than in their costume, it might be time to ditch the duds. 📌

Illustrations by pch.vector

Mom's Chili

Prep 30 mins | Cook 3 hours | Yield 8-10 servings

INGREDIENTS

- 1.5 T whole cumin
- 2 t whole coriander seeds
- 2 T olive oil
- 1 onion, chopped
- 4 cloves garlic, minced
- 1 pound beef stew meat
- 1 pound mild turkey italian sausage, casings removed
- 1 28-ounce can of chopped tomatoes
- 1 14-ounce can cannellini white kidney beans, rinsed and drained
- 1 14-ounce can kidney beans, rinsed and drained
- 1 14-ounce can black beans, rinsed and drained
- 1 jar roasted red peppers, drained and cut into 1" pieces
- 1 cup or so of dry red wine or water
- 3/4 ounce of chili powder
- 2 T dried basil
- 2 T dried oregano
- 2 zucchini, sliced in half and then chopped into half-circle pieces
- 2 ears fresh corn, slice kernels off
- Salt and pepper to taste
- Garnish with diced avocado, cucumber, red peppers, cilantro, green onion, sour cream, cheese and tortilla chips



INSTRUCTIONS

Over medium heat, toast your whole cumin and coriander seeds in the pot you will cook your chili in. Stir frequently so they don't burn. This only takes a minute or two. Remove seeds from pot and put in a molcajete or mortar and pestle. Grind the toasted seeds to a powder and set aside.

Put olive oil in the bottom of a medium hot pan and add onion and garlic and sauté for about 5 minutes. Add ground cumin and coriander and cook another 5 minutes until everything is soft.

Push onion mixture to the side of the pot and add beef stew meat and sausage meat. Brown meat, stirring for about 15 minutes, until the meat is no longer pink. If there is a lot of rendered fat in the pan, pour off most of it.

Add chopped tomatoes and wine, beans and roasted peppers. Stir to mix and bring to a boil. Turn down heat and add chili powder, basil, oregano and zucchini. The vegetables and meat should be covered in liquid. If not, add more wine or water. Cook on low heat for 1 to 3 hours. Stir frequently and deeply as beans will stick to the bottom of the pan.

When you are ready to serve, add the corn kernels and cook for another 5 minutes. If you want to serve Hawaiian-style, put a scoop of rice in your bowl before you add the chili. Garnish with chopped vegetables of your choice, grated cheese, sour cream and tortilla chips.