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### Looney & Grossman

#### Practice Groups:

Bankruptcy

Business

Litigation

Transportation

## NAVIGATING THE ECONOMIC STORM

**October 2008**  
**by Stewart F. Grossman**

Businesses and individuals need to prepare for what is expected to be a protracted downturn in our overall economy. One or more of the stock market decline, the credit crunch and the depressed real estate market will likely impact every business' operation revenues and every person's financial situation in some way.

At Looney & Grossman LLP, we have extensive expertise and years of experience in advising clients concerning the legal complexities of commercial and personal financial challenges and in providing result-oriented solutions.

IF YOU OWN OR MANAGE A BUSINESS, you should be actively monitoring:

- **Accounts Receivable.** Require that your customers pay when due. If they do not, then develop acceptable payment plans or consider termination. If you do continue to do business with customers who are not paying timely, seek collateral as security or personal guaranties of the debt.
- **Accounts Payable.** Seek payment terms, extending due dates to the extent possible. If you are not limited to a sole source supplier, explore a change in vendors to secure better pricing and payment terms.
- **Financing.** If you do not have it, secure suitable financing availability, and if you do, review your current financing arrangements to ensure they are solid.
- **Profitability.** Identify the segments of your business that produce earnings and those that do not. Consider scaling down or closing unprofitable departments/groups that you do not anticipate recovering profitability in the near term, but make sure you do this in compliance with the law.
- **Personnel.** Before implementing layoffs, carefully consider the short and long-term consequences, legal and otherwise, of such action.

New and constantly changing laws apply to lending and credit agreements and to employment matters. In each of these areas of your business, the range of possible actions has not just business but legal implications.

AS AN INDIVIDUAL, you must ensure that your assets are protected from creditors to the maximum extent permitted by law. Explore the following:

- **Your Home.** Do you (or your spouse) have a Declaration of Homestead on record in respect to your primary residence? In Massachusetts it can protect as much as \$1 million of your equity. If you do not, you should.
- **Insurance.** Review home and automobile, and professional, liability coverages for adequacy and strongly consider additional umbrella coverage as necessary.
- **Estate Planning.** Schedule a comprehensive review of your estate plan or develop an estate plan if you don't yet have one.
- **Cash Flow.** Consider existing cash reserves or availability, and if lacking, establish sufficient cash reserves to tap in the event of a prolonged income interruption.

At Looney & Grossman, our lawyers stand ready to review your personal and your business situations and to help you prepare for and respond to any situation which may arise during this economic crisis.

It is our hope that with effective planning and counseling, you will emerge from these difficult times able to respond to new and profitable opportunities likely to arise once economic recovery is underway.

To discuss your situation, and to learn how Looney & Grossman may be able to assist you, please contact Stewart F. Grossman, Esquire at (617) 951-2900 or [sgrossman@lgllp.com](mailto:sgrossman@lgllp.com).

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