IS DELAWARE WORTH THE HYPE? I THINK SO.

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When clients are forming a new business, one of the first decisions we discuss is where to incorporate. If I recommend Delaware, I almost always get the same reaction:

"Why would I pay more to incorporate in Delaware when I don't even do business there?"

It's a fair question.
Delaware is not the least expensive option. There are additional filing fees, annual franchise taxes, and registered agent costs. For some businesses, incorporating in their home state makes perfect sense.

But for many companies—especially those with growth plans—I believe Delaware is worth the extra investment for three reasons: certainty, flexibility, and future opportunities.

1. Delaware Offers Predictability
When you're starting a business, the last thing you're thinking about is a shareholder dispute or a disagreement between owners.

Unfortunately, those situations do happen.

If they do, you want to know how a court is likely to interpret your governing documents and the actions of the company. Delaware has spent decades developing the most extensive and sophisticated body of corporate law in the country. Its specialized Court of Chancery hears corporate disputes every day, creating a deep library of case law that provides guidance on everything from fiduciary duties to shareholder rights and corporate governance.

That means there is often far more certainty about how a dispute will be resolved. As a lawyer, I can give clients much more predictable advice because there is already a roadmap created by years of court decisions.
That certainty has real value. It allows business owners to evaluate risk, make informed decisions, and often resolve disputes more efficiently because the law is well established.

2. Your Business Will Change—Delaware Makes It Easier to Change With It

One thing I've learned over the years is that businesses rarely look the same five years after they're formed.

A corporation may eventually decide an LLC is a better fit for tax or operational reasons. An LLC may decide it makes more sense to become a corporation as it grows.

Delaware recognizes that businesses evolve. Rather than requiring you to dissolve one entity and create another, Delaware allows many businesses to convert from one entity type to another through a statutory conversion. In many cases, the business continues as the same legal entity—it simply changes its legal form.

Why does that matter?

Because if your state requires you to dissolve one business and form a brand-new entity, you've created a new legal entity. That often means obtaining a new EIN and updating virtually everything connected to your business, including bank accounts, payroll, tax accounts, contracts, insurance policies, licenses, vendor accounts, merchant processors, financing documents, and customer records. Delaware's statutory conversion process can often eliminate much of that administrative burden by allowing the business to continue without starting over.

Anyone who has ever changed a business name or opened a business bank account knows how much paperwork that creates. Now imagine doing it for every relationship your business has.

3. It Keeps More Doors Open

Many business owners tell me they'll never seek outside investors.

Maybe they won't.

But businesses evolve, opportunities arise, and circumstances change.
If you ever decide to bring on investors, issue equity to key employees, or seek venture capital, you'll likely find that investors are much more comfortable investing in a Delaware corporation than an LLC. Many institutional investors and venture capital firms actually prefer—or even require—a Delaware C corporation because they're familiar with Delaware law, understand the governance structure, and appreciate the predictability that comes with it.

Even if raising capital isn't part of today's business plan, it's worth asking whether you want to preserve that option for tomorrow.

Is Delaware Right for Everyone?
Absolutely not.

If you're starting a small local business that will remain closely held, has no plans to raise outside capital, and is unlikely to change its ownership structure, incorporating in your home state may be the right choice.

But if your business has growth ambitions, multiple owners, plans to evolve, or simply wants the flexibility to adapt over time, Delaware deserves serious consideration.

When I recommend Delaware, it isn't because it's the popular choice or because "that's what big companies do."

It's because I've spent enough years helping business owners solve problems to know that the cheapest decision at formation isn't always the least expensive decision in the long run.

Sometimes spending a little more today buys something that's hard to put a price on later: certainty, flexibility, credibility, and the freedom to grow without having to rebuild the legal foundation underneath your business.

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