

The Gift of Planning Ahead

OCTOBER 2019

While you can't predict the future, you can plan now for how you'll respond to sudden changes in your business.



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Unexpected events are by nature unpredictable. As a business owner, you may be surprised by a sudden opportunity, such as an offer to buy your business. Or it may be an unforeseen challenge, such as a health scare or death of a key member of your team.

Either way, the long-term success of your business may depend on taking time now to think carefully about these potential events and to consider what actions you might take. Here's why: When these unexpected events do happen, it can be difficult to think clearly under the stress of an unforeseen deadline. In fact, many business owners find themselves trying to develop a strategy during or immediately after an unexpected event takes place—at which point it may be too late.

By planning ahead, you can give yourself—and your business—the valuable gift of being prepared to meet these unexpected challenges whenever they arrive.

MAINTAIN YOUR FLEXIBILITY

Consider the following scenario: You've just received an unsolicited offer to buy your company. If you've prepared for this situation, perhaps by undergoing a mock due diligence effort or having already discussed with your partners how you will evaluate buy-out offers, then you have a plan in place and you can think with a clear head. But if this is the first time you've had to consider what your company is worth, or how the sale might impact your broader financial or estate plans, then there are many decisions you need to make—and quickly. Chances are you won't be able to think through all of the potential consequences in time to ensure the best outcome for you, your family and your business.

The same is true for an unexpected challenge, such as a major health scare for you or your business partner. Life insurance policies are a valuable planning tool for small business, particularly as a funding mechanism for a buy-sell agreement in the event of one partner's death. But as with any insurance, life insurance is only useful



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if you buy it before you need it. And coverage becomes much more expensive—if not impossible to purchase at all—after a major health crisis. Once you need insurance, it's usually too late to get it.

WEAVE YOUR PLANS TOGETHER

You first need to consider what challenges and opportunities you may face, and then lay out how you would like to respond to each one. This process should not happen in isolation, however. The elements of your plans are interdependent, which means they need to be developed as part of an integrated financial plan. The various legal, tax and financial elements must support and complement one another—which can be challenging when working with attorneys, accountants and financial advisors who may or may not regularly communicate with one another. An integrated approach to your plans, in which all of your external advisors are working together toward the same goals, can help you be better prepared.

While you can't predict the future, you can plan now for how you'll respond to sudden changes in your business. Family business owners who set a strategy to govern possible future events can give themselves a unique advantage over those who choose to wait until such events arise. And by taking an integrated approach to advanced planning, you can lay the groundwork to meet your toughest future questions with your best possible answers.

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