Death Can Ruin Your Plans

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Imagine building your business over several decades, beginning to plan your business exit, then dying unexpectedly before you can implement your plans. Business owners rarely think about how an unexpected death or permanent incapacitation can derail even the most carefully created plans. And it makes sense: If you were always worried about what *could* go wrong, chances are you'd have never started your business in the first place.

But as you approach your business exit, you'll likely want to take steps that minimize the kinds of outside effects that can cause your planning to fail. One way to do that is to install *Business Continuity Instructions*. Business Continuity Instructions are a formalized process that gives your family, business partners, and employees guidance regarding how to address any number of unexpected events. Whether those events are extreme—such as death, incapacitation, or blackmail—or more common, such as divorce or a co-owner or key employee leaving the company, Business Continuity Instructions can position you to implement your Exit Plan despite the unexpected.

Generally, Business Continuity Instructions are useful for answering three key questions.

Who Takes Over?

Following a death or incapacitation, one of the first and most important questions survivors ask is, "Who takes over the company now?" For some owners, a Buy-Sell (Shareholder) Agreement might answer that question, but experience shows that Buy-Sells are often outdated and inapplicable when they're needed most. As part of the Exit Planning process, you and your advisors provide this information in your Business Continuity Instructions yearly. This gives you and your company the opportunity to have interim successors ready and able to run the company in your absence with as few hiccups as possible. Knowing who can continue the business in the face of the unexpected also minimizes negative effects to your company's value. It gives your clients and even potential buyers peace of mind that your business can remain buoyant even if you must exit unexpectedly. It can also help protect your family.

What Should My Family Do?

If something unexpected were to happen to you, your family members may find themselves with responsibilities they never signed up for. Without proper planning, many families of deceased or incapacitated business owners have business responsibilities thrust upon them. In the worst-case scenarios, families lose not only a loved one but also the business and income it produced for the family. Business Continuity Instructions address these issues by providing clear information about which advisors family members can contact to help them get all business matters in order. Business Continuity Instructions also include Use of Proceeds schedules to guide family members on how to most effectively use any funds they receive from the owner's death or incapacitation.

What Happens to the Business?

Even when the unexpected occurs, you can still have control over what happens to your business. Business Continuity Instructions provide clear orders about how you want your business ownership transferred if you were to die or become incapacitated before implementing your Exit Plan. Among other information, you can provide the minimum amount of money you expect from your ownership transfer, explain who should make decisions regarding the transfer of ownership if that minimum amount is unattainable, and note any customers or vendors that need special attention and why. This can be a boon for the business and your family, especially if they relied on you as the primary decision maker and breadwinner.

These are just a few of the areas in which Business Continuity Instructions can help protect your business and family against the unexpected. There are other issues that may be unique to your business that Business Continuity Instructions can help you address. To find out how Business Continuity Instructions can serve as a process to protect your business and family from the unexpected, contact us today.

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