



Tanglewood
Legacy Advisors

EXIT PLANNING *Review*

Prepared by Business Enterprise Institute

Business Continuity Planning *What Difference Does It Make?*

None of us likes to think about what might happen to our businesses or our families if we were to die or become disabled. Owners who do let that thought cross their minds stay awake nights worrying about it, push the thought to the back of their minds or engage in serious business continuity planning.

Business continuity planning can protect your rights in a number of important ways. If you and your co-owner have a significant business dispute or if your co-owner:

- becomes disabled,
- leaves the company due to retirement or termination,
- declares bankruptcy,
- dies, or
- divorces,

your business continuity agreement can dictate what you will pay for the departing owner's interest. In addition, if you died or became disabled, the business continuity agreement could protect your family's right to its share of the company. If you do not have a co-owner, there are other ways to protect your company and your family. Most owners live to see the day they leave their companies, but some do not. The purpose of business continuity planning is to make sure that if you are not there to run it, your company--and your family--will continue.

For that important reason, we've designed a short list of questions— one for sole owners and one for co-owners— to help owners assess where they are on the business planning continuum. In other words, in answering these questions, you can determine how prepared you and your company are, or are not, should the unexpected happen to you.

Sole Owners:

Do you have a written plan for your business if the unexpected happens to you?

Yes No

Have you identified a person who can operate the business in your absence?

Yes No

Have you identified a person who can manage the finances of your business in your absence? Yes No

Would your death jeopardize your company's ability to secure or maintain financing arrangements? Yes No



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Is your plan for the disposition of your ownership at your death coordinated with your plans for an exit from the business during your lifetime? ___ Yes ___ No

Do you have a specific written strategy or plan to retain employees critical to the operation of the business if you cannot due to your death or disability?
___ Yes ___ No

Co-Owners:

Do you have a current buy-sell agreement in place? ___ Yes ___ No

Have you communicated your continuity plan to senior management?
___ Yes ___ No

Would your death jeopardize your company's ability to secure or maintain financing arrangements? ___ Yes ___ No

Is your plan for the disposition of your ownership at your death coordinated with your plans for an exit from the business during your lifetime? ___ Yes ___ No

Do you have business continuity insurance in place? ___ Yes ___ No

In future issues of this newsletter, we will discuss some of the important details in business continuity agreements such as fixing the method to value stock, and setting the terms and conditions (interest rate, length of buyout period, and security) of the buyout *before* all parties are emotionally involved in the outcome.

The business continuity agreement is not a boilerplate document; a good one is an expression of the careful thought and wishes of the owners who sign it. If you have questions about your existing agreement or wish to craft one for your company, please give us a call.

Andrew T. Gardener CFP®
Tanglewood Legacy Advisors, LLC
One Riverway, Suite 1550
Houston, TX 77056

AGardener@Family-CFO.com
www.family-cfo.com

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