

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
- 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

1. Do you have a written plan for your business if the unexpected happens to you? ___ Yes ___ No



**Michael Wildeveld, CEPA, M&AMI,
CM&AP, CM&AA, CBI, CBB**
michaelw@veldma.com

Veld Mergers & Acquisitions
www.veldma.com
1 Park Plaza, 600
Irvine, CA 92614
[310-652-8066](tel:310-652-8066)

2. Have you identified a person who can operate the business in your absence? ___ Yes ___ No
3. Have you identified a person who can manage the finances of your business in your absence? ___ Yes ___ No
4. Would your death jeopardize your company's ability to secure or maintain financing arrangements? ___ Yes ___ No
5. 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
6. 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

1. Do you have a current buy-sell agreement in place? ___ Yes ___ No
2. Have you communicated your continuity plan to senior management? ___ Yes ___ No
3. Would your death jeopardize your company's ability to secure or maintain financing arrangements? ___ Yes ___ No
4. 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
5. Do you have business continuity insurance in place? ___ Yes ___ No

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.

The information contained in this article is general in nature and is not legal, tax or financial advice. For information regarding your particular situation, contact an attorney or a tax or financial professional. The information in this newsletter is provided with the understanding that it does not render legal, accounting, tax or financial advice. In specific cases, clients should consult their legal, accounting, tax or financial professional. This article is not intended to give advice or to represent our firm as being qualified to give advice in all areas of professional services. Exit Planning is a discipline that typically requires the collaboration of multiple professional advisors. To the extent that our firm does not have the expertise required on a particular matter, we will always work closely with you to help you gain access to the resources and professional advice that you need.

This is an opt-in newsletter published by Business Enterprise Institute, Inc., and presented to you by our firm. We appreciate your interest.

Any examples provided are hypothetical and for illustrative purposes only. Examples include fictitious names and do not represent any particular person or entity.