

## The Loss of Key Talent - You!

**Problem for Sole Owners.** Your death will likely have the same impact on your company that the death of any one of your key people would have. Your talents, experience, relationships with customers, employees and vendors may be quite difficult to replace (especially in the short term). Once you are gone, expect employees to jump ship (unless the plans suggested in the First Part of this Series have been made). Without employees, your company is likely to default on its contractual obligations. Without planning few businesses have the financial resources or successor management to weather this storm.

**Problem for Co-Owners.** Multi-owner companies experience the same loss as solely-owned companies, if the remaining owners do not have the experience or talent to replace you. If you are the person who generates new clients, heads operations or maintains most of the company's key relationships, your death or disability will jeopardize, if not ruin, your company's survival.

**Solution for Sole Owners.** As described in the First Part of this Series, sole owners should create written stay bonus plans to motivate their key employees to remain with the company after the owner's death. Additionally, you should create a succession of management plan that names the person who will assume your duties. Finally, you should decide now how you want your company to ultimately be continued. Do you want the company to be sold? Continued? Or liquidated?

**Solution for Co-Owners.** If your co-owners do not have the skills and experience to replace yours, you must put in place a plan to give them the skills and experience they lack. If your employees are confident that the surviving owners have the skills necessary to bring in new business, run the operations or maintain key relationships, they are unlikely to jump ship.

Successful business continuity requires cash—usually in the form of life insurance proceeds. But continuity requires more than cash. Your company will need to fill the talent void created by your departure. To do that, you must encourage (perhaps with cash through a stay bonus plan or perhaps through ownership) existing



Michael Wildeveld, CEPA, M&AMI,  
CM&AP, CM&AA, CBI, CBB  
[michaelw@veldma.com](mailto:michaelw@veldma.com)

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

management to stay. If your business does not currently have, in place, management capable of assuming the reins, you must make it a priority to find and hire that management now.

*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.*

©2022 Business Enterprise Institute, Inc. All rights reserved.