

What if...

I am the sole owner and worried about continuity

If something happens to you, the business must continue without you. The only chance of that happening depends upon the right employees staying with the business.

If you do not return to the business because of death or disability, your key employees will be very worried about their futures. Without you and without them, the business stands very little chance of continuing and, likely the loss of substantial income to your family and a disruption of the financial security of your employees.

How do you prevent the key employees from leaving?

Money! You must have a plan in place that will financially reward the key employees for staying with the business. Your family is going to need these key people to stay for some period of time whether they liquidate, sell or retain the business.

You must put this plan in writing. We refer to this as a “Stay Put Contract.” This contract will promise a bonus if the key employee(s) will stay put for a defined period of time in the case of your death or your disability. You want that employee’s best next job to be the one they already have. This contract is not binding on the employee; if structured properly financially, they stay.

The next thing you need to do is put your continuity instructions in writing. Communicate to your employees, family and advisors what they are going to need to know if you are no longer here. Who is responsible for day-to-day operations? Who should make the financial decisions? Who is in charge of administration decisions? List the names and phone numbers of your advisors. Who can assist the family with the business transition? Should the business be sold, liquidated or retained? If sold, who would be potential buyers? Make these choices during your lifetime so your family does not make the wrong choices when you are not here.

Continued on next page

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Your death or disability may create immediate and immense problems:

- significant financial interruption
- potentially no successor
- loss of key talent . . . yours
- emotional distress

Most business owners have left more written instruction in the past for babysitters when they have gone out of town for a night or two, than they have in case of death when they will never be able to speak with their families again. Doesn't your surviving spouse, your employees, and your business deserve as much as the occasional babysitter

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