

The 5 D's

Have you planned for these contingencies?

Death

Imagine right now; you are in the middle of an intersection and are T-Boned. What do you want your family, management team, and ownership team to know? What happens to your loans? Are the beneficiaries on your assets and life insurance correct? Who should family and management talk to for advice? Do you have a documented plan for those impacted by this event? What obligations does your business have to your estate for the value of your shares?

Disability

Now imagine that you had a stroke and cannot talk or write. Does your family know where your important papers are? Do you have a power of attorney for financial and medical matters? Do others have essential passwords that enable them to pay your bills or interface with customers, vendors, etc.? Will this event invoke a purchase of your shares? How will it be paid? Who has the right to vote your shares?

Divorce

Your spouse announces that he/she has grown apart from you and now wants to end your marriage while the two of you are still friends. How will your shares be valued in a divorce? Do you have a prenuptial agreement? How will the changes in your finances impact the cash needs of the company? Do you know your options on how to create a non-adversarial process to make the decisions needed to unbundle your financial affairs at the end of a marriage and mitigate the impact on your business?

Disagreement

When multiple partners enter into a business, is it all roses and rainbows? They rarely prepare for conflict with a productive exit clause. Like all relationships, business partners sometimes decide not to co-own a business. How will your interest be valued? How will it be paid?

Distress

2020 has taught all of us some painful lessons regarding business interruptions and external threats we could never imagine. Many businesses suffered disruption to their business's productivity and the delivery of their products. What was the strength of your back up system? What insurances did you have to cover business interruption? Good contingency planning includes risk reduction strategies and policies to protect against everyday disaster situations, including data breaches, property disasters, supply chain disruption, work safety incidents, and critical employee loss.

CEPA's work together to create a plan that will "De-Risk" the negative impact of these events. CEPA's will help you assess what you currently have in place, what you may need to do as your systems grow and change, and why this process should be reviewed annually.