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Exit Planning for Business Owners

Part Two: A Sudden, Catastrophic Loss

In the previous issue of this newsletter, we identified 10 of the most serious consequences suffered by business owners who neglect to plan for their eventual exit from business ownership. We also focused on the first of those items, the sole owner dying or becoming permanently disabled without a plan. In this issue we will talk about the second item in that list of 10:

The Business Experiences a Sudden, Catastrophic Loss and all of the Owner's Financial Eggs are in the Business.

Such an occurrence can happen to any business owner at any time and in many ways. Consider the MacDonald's experience with the hot coffee lawsuit and Wendy's in the chili issue. Also, one of our clients lost a branch location that was destroyed by a storm and was woefully underinsured, and many victims of the 9/11 terrorist attack found themselves in this same situation.

The key here involves positioning the owner (as early as possible) to withstand as many business contingencies as feasible. A multi-disciplinary team of business and financial advisors led by a primary business consultant experienced in exit planning is carefully built to help the owner create and preserve "going concern" value inside the business and accumulate personal wealth outside the business through tax-wise withdrawals from the business.

While entrepreneurs tend to be comfortable with a degree of risk, leaving your exit strategy to fate is neither a wise risk, nor is it a necessary one. Planning now allows you to set contingencies and position yourself and your business for the future.

Call Lou Kastelic at Jordan-Crandus, P.A. for a free initial consultation on business exit planning.

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