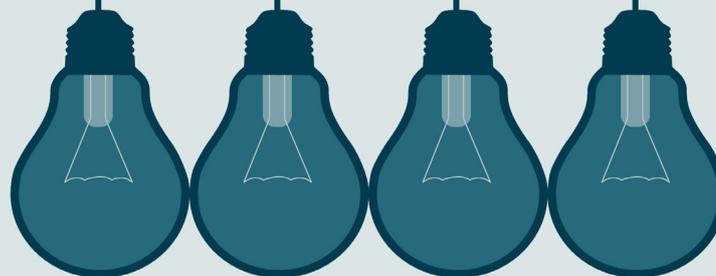


Business Continuity Strategies Don't Have to Be Complicated



By Joseph H. Guyton

Have you been thinking about a business continuity plan? Many business owners are aware of the need for such planning. Some are even concerned about the issues and problems that a lack of planning brings. These issues include loss of key management, interruption of income, concerns over family control and equity, and retirement income planning. But the day-to-day challenges of managing a family business can often complicate or even prevent the development of a continuity plan.



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What are these challenges? There are several:

1. Business owners are busy running their business!
2. When not at work, they like to pur-

sue hobbies or spend time with their family.

3. They are not sure what is involved, what needs to be done or how to start; the process may involve difficult conversations with partners or family members, and the potential solutions are not necessarily well understood. Questions may include:
 - What is a buy-sell agreement?
 - Who would buy the business?
 - How do we finance the transaction?
4. Existing advisors may not be familiar with potential options; you don't know what they don't know. Advisors may also have a focus on product rather than strategy, which may create a bias in your plan.
5. Other challenges include a feeling that the family business doesn't need a continuity plan, can't afford the planning process, or that there is no one to help establish it.

If some of these challenges sound familiar and you are concerned about the survival or transition of your business due to disability, death or retirement, take heart. Solutions are available. They are not necessarily too complex, and they may help you meet multiple planning objectives.

The best place to start is with your existing advisors – your attorney, CPA or financial planner. Describe your concerns to them and ask for ideas and feedback – ask a lot of questions. Don't stop asking until you feel satisfied that you are on the right track. If they refer you to someone, be sure to interview them before committing to work with them. You need to be sure there is philosophical and business alignment between you and the advisor. You need to be comfortable with how the advisor will be compensated. Many advisors are purely product-driven, which may create a bias in

your plan or may leave important areas that directly impact your plan uncovered.

It is important that you have a team, and a “quarterback” for the team, to serve your purposes. Business continuity planning is important by itself, but it needs to be coordinated with many other aspects of your plan such as estate, portfolio management, retirement income and life and disability insurance.

Not all of your advisors are expert at all of these areas, so they need to work together to get you the best ideas and outcome. Some advisors may not be in favor of a particular strategy, but you need to hear all of the ideas and decide for yourself how one or another will ultimately affect you and your family. These are decisions that will affect you and your family for years to come. They

may also affect the level of retirement income that you have to enjoy.

Attributes of a good plan include the following:

1. Fits with your objectives and makes sense to you
2. Accounts for variables beyond anyone’s control and is likely to work “no matter what”
3. Has flexibility to be amended as circumstances dictate
4. Protects the various parties from actions of the other parties. This is essential if you plan to exit your business as a retirement income strategy, and may include the following considerations:
 - a. Will you hold a note from your buyer?
 - b. How capable is the successor management?

- c. Will your buyer control the real estate that houses your business?

With the help of a qualified team, you will be able to develop a plan that provides a smooth, predictable transition in the event of retirement, disability or death. It will provide liquidity and equity among family members as well.

It will give you the confidence that more than one of your long-term concerns has been addressed and allow you to focus on your business and family. ■

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