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How Business Owners Are Approaching Their Futures

As a business owner, you know that planning is crucial, and that the new year is typically when you implement new strategies. As the new year begins, many business owners have begun to examine what they'll do, if anything, about the long-term future of their businesses.

Winston Churchill once said, "Failing to plan is planning to fail." Today, we'll look at what we're hearing from business owners regarding their long-term business planning to help you gauge what other business owners are thinking and doing and see where you stand.

A Gap Between Thinking and Doing

Rarely do successful businesses simply appear from the ether without rhyme or reason. Successful businesses are often the result of diligent planning and action items that owners and their teams implement. This is especially true of long-term planning. When planning for years down the line, it's helpful to have both an idea about where you want yourself and your business to be, and the flexibility to adjust to the unforeseen.

In talking to business owners, we've found that many agree: Long-term goal achievement requires long-term planning. Digging deeper into that idea, many of those same owners said that a long-term goal they had was positioning their businesses to provide themselves and their families with financial security when they were ready to retire or sell the business.

However, many of those owners also tell us that they don't have a written plan that will help them achieve that financial security through their businesses. They just know that they will eventually need to do something to get them to that point. If you've ever had a thought about your business' long-term future but



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haven't begun creating a written plan, you aren't alone.

What's Keeping Owners From Planning?

The owners we've spoken to have provided three main reasons why they hadn't begun planning for the future of their businesses.

- They were either "too busy" or "didn't feel a sense of urgency."
- They would "act when ready."
- They had "more pressing issues."

Among these answers, *time* is the common thread. Business owners are busy people, and when they think about the futures of their businesses, they tend to view them as an issue so far away that it's not worth thinking about right now. Yet, when asked how important it is to have financial security for themselves and their families, many owners say that it is either very important or the most important issue they face.

How do owners justify pushing off planning for something that they consider to be of the utmost importance?

Experience shows that owners who object to starting to plan for their businesses' futures because of time concerns are typically masking another fear. While there's little doubt that business owners are usually strapped for time, once they realize how many ways the success or failure of their businesses can affect themselves, their families, and their employees, they often spring into action.

There are three pain points that business owners commonly have that motivate them to make time for future business planning:

Building Business Value

"Do you have time to build your business' value?" There are precious few business owners who don't have enough time to build business value. A defining element of planning is working to build business value. If this is your biggest hurdle, consider implementing one of these action items in the new year:

- Recruit, reward, and retain the management team that your business will need five years from now. Your people are critical to the value of your business.
- Clean house. Make those difficult decisions to change personnel, adopt more modern systems or equipment, or adjust your pricing to reflect market conditions more accurately.

Protecting the Business

Most business owners who say they don't have time for planning are the focal point of the business. That is, the business wouldn't exist without them. Being the focal point of the business is a high-risk strategy, however. If anything were to happen to the owner—such as death, a disabling injury, or any event that affects the owner's ability to run the business—the business, its employees, the owner's family, and even the community might face insurmountable challenges. Planning can address unexpected issues such as these. If this challenge is keeping you from planning, try one of these action items:

- Document your responsibilities and set a schedule for training and developing others to share

those roles (maybe acting as back-up when you are away). This can be a multi-year plan: Only bite off as much as you can chew in the new year.

- Make a written plan (often called a Business Continuity Plan) to describe exactly what you want to see happen if you cannot participate in the business, either temporarily or permanently. Give your family and your employees the information they need to carry on without you in an emergency.

Saving Time

When owners say they don't have time for planning, they're usually thinking about the initial meetings with advisors, which they imagine will span several hours as their advisors gather facts about their goals and resources. But once owners get past those first few meetings, they find that planning *makes* time for them, rather than taking time. That's because the goal of planning is to make the owner less critical to the business' functions, which positions owners to only do the things they want over the things they must. If you struggle to find more time, try one of these action items:

- Ask your professional advisors and your top managers to help with some of the more laborious tasks that help get planning off the ground, such as gathering and summarizing documents, updating financial statements, and describing your organizational structure or systems.
- Plan in phases. Choose your top four priorities for this year and assign one to each quarter. These might include updating your personal planning, restructuring or eliminating company debt, or implementing a key employee incentive plan to align manager goals with your own.

Planning for your business' future 5 or 10 years down the line can seem burdensome at the outset, but you aren't alone. If you'd like to learn more about how planning can affect your situation years down the line, please contact us today.

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