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Connecting Your Personal Financial Plan and Business Continuity Plan

Owning a successful business is a constant exercise in planning. Many successful business owners have already committed to personal financial planning, including investing and providing financial security for themselves and their families.

However, fewer business owners have created a business continuity plan. A business continuity plan includes strategies and action items regarding what happens to the business if or when you are no longer available to run it (due to choice, death, or otherwise).

Lacking a business continuity plan can harm your personal financial planning. On the other hand, creating a business continuity plan can often complement your personal financial planning. Let's look at a couple of ways your business continuity planning might connect to your personal financial planning.

Continuity and Personal Finance Aren't Mutually Exclusive

Many business owners and their families rely on the business's ongoing success to support their lifestyles. But business success doesn't just spring from nowhere. It likely took you years to build your business to a point where it produces consistent income to you and supports the lifestyle you and your family want.

Unfortunately, all of your hard work can come undone quickly if you were to die, become incapacitated, or face more common issues that can affect your business ownership (e.g., divorce, bankruptcy) without a plan. This is especially true if the company relies primarily on you, your leadership, or your business relationships for its success. If you're gone, business performance may start to decrease rapidly.

However, with a robust business continuity plan, you can begin to insulate your personal financial situation from unexpected events. For example, a business continuity plan can provide guidance to your family,



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company, and business partners about what to do with the business if you were to ever unexpectedly leave it. You may describe how executive functions, critical relationships, or essential business activities are to continue without you.

Such planning can also help you articulate your personal financial goals more clearly. When you create a plan that provides instructions for the business to continue without you, it can also help you focus on how much your personal financial security depends on your business.

You can then approach your personal financial planning in two contexts—with the business and without—to give you a fuller picture of the actions you may need to take to achieve your personal financial goals.

Other Benefits of the Business Continuity Plan

A business continuity plan can also help you play offense in your planning. A core aspect of business continuity planning is establishing a chain of command to address business issues if you can no longer run the company. This means that as a result of proper continuity planning, you're likely to install or further develop a strong management team.

A strong management team is one of the most important Value Drivers (if not *the* most important) for your business. When a company runs well regardless of the owner's presence, it can make that company more valuable than one that relies heavily on the owner. This can lead to more lucrative offers if you ever decide to sell your business.

Even if you never intend to leave, a business continuity plan that focuses on a strong management team can positively affect your personal finances throughout your ownership.

Strong management teams can elevate the company beyond what you alone can do. That can increase your company's reach and profitability. This, in turn, can help you create larger income streams for you and your family. It can also give you more time and freedom to do other things you're interested in since you can confidently leave the business in the hands of your management team.

Leverage the Connection

A strong business continuity plan can complement your personal financial plan. It can protect your business from unexpected events that may damage your personal finances. It can provide guidance to those you care about most if you ever left the business suddenly. And it can create more value for your company while giving your more time and resources to pursue your financial and values-based goals.

We strive to help business owners identify and prioritize their objectives with respect to their business, their employees, and their family. If you are ready to talk about your goals for the future and get insights into how you might achieve those goals, we'd be happy to sit down and talk with you. Please feel free to contact us at your convenience.

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