

PLANNING FOR THE 5 DS

DIVORCE



A **divorce** could lead to dissolving your business. If you and your ex are in business together, the negative impact on your business could be widespread. Without proper legal documents, a divorce could impact not only your personal life but your business value as well.

DISAGREEMENT



A **disagreement** with your business partner could lead to a creative solution to a business problem or could cause the business to crumble. Conflicts may arise from a difference in leadership style, financial strategy, and communication style.

DISABILITY



Unfortunately, **disabilities** and illness are a part of life. Are you aware of how an illness, disability, or other medical concern can impact your business value? Without proper plans in place, a sudden medical emergency could cause your business value to plummet.

DISTRESS



Good contingency planning includes risk reduction strategies and policies to protect against everyday disaster situations that lead to **distress**. These situations include, but are not limited to, data breaches, property disasters, supply chain disruption, work safety incidents, legal battles, and critical employee loss.

DEATH



The **death** of an owner can have a significant impact on the value of a business. After an owner's death, there is a loss of important skills and expertise that are critical to the organization's operations and success. This can ultimately lead to a decline in revenue, profitability, and overall value.

DIVORCE



Have a signed and detailed pre-nuptial or post-nuptial agreement dictating how assets are to be divided should you and your spouse separate.

Do not use collateral in your home to invest in your business as this can cause confusion about what belongs to whom during asset distribution.

If your spouse has held a pivotal role in the day-to-day workings of the business but decides to quit in light of the divorce, is your team prepared to take over their responsibilities?

DISAGREEMENT



When dealing with a disagreement with your business partner, effective communication is paramount to the ultimate conflict resolution

Review your Buy-Sell Agreement annually to ensure the most up-to-date business valuations have been considered.

Clearly defined roles, responsibilities, and desired actions will limit the opportunities for disagreements to arise between partners.

DISABILITY

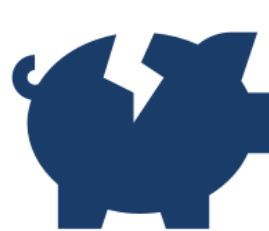


Ensure your Buy-Sell Agreement included Disability Insurance as well as Life Insurance

Select your Medical and Financial Powers of Attorney to limit stress and confusion should a disability or medical event impact your ability to manage your finances and business.

Should an owner or employee have a degenerative disability, prioritize strong documentation of business processes to limit the impact on business value and operations when they ultimately exit.

DISTRESS



Confirm you have the proper financial contingency plans in place should your business be impacted by an unforeseen financial decline.

Good contingency plans include risk mitigation measures for legal issues, data breaches, supply chain issues, and more.

Review your insurance policies to determine if your business is covered for business interruptions.

DEATH



Ensure you have a Key Person policy in place if you or a co-owner should die as well as the appropriate funds available to hire someone of a similar caliber to fill the role.

Create and update your Estate Plan well in advance of your exit to mitigate tax implications and legal difficulties for your family and dependents.

Strong structural capital and documented processes are crucial for the continued success of a business should an owner die.