

WILL YOUR BUSINESS SURVIVE WITHOUT YOU?

Less than a year. That's how long it took a successful construction company to permanently close after the owner unexpectedly passed away. Before his death, the company was thriving. But without a business continuity plan in place, the business didn't survive a year.

Business continuity is one of the most pressing and under mentioned issues in the construction industry. An effective continuity plan will ensure your business survives and provides financial security for the new owner, your employees and their families after an ownership change.

Your plan should cover common events leading to a change in ownership like retirement, disability or death. It should also anticipate other events that could change ownership such as termination of employment, business disputes among owners or divorce.

But it shouldn't end there. A comprehensive plan also looks at your life after you leave the business – from minimizing taxes and managing wealth to estate planning for your assets.

A SUCCESSFUL CONTINUITY PLAN SHOULD COVER THREE DISTINCT AREAS.

1. BUSINESS SUCCESSION

What happens to your business if you aren't there? A succession plan details how your business will run after you leave, whether through expected events such as retirement or unexpected events such as untimely death. You'll want to make sure your company continues to prosper with new ownership. This plan should identify who will run the company and how you will transfer ownership.

Common routes to transfer ownership include:

- a. Selling to a third party.
- b. Transferring ownership to insiders.
- c. Transferring to family via gift and/or sale.

2. OWNER EXIT

How will your exit impact you and your immediate family? Before you leave you should have a strategy. A comprehensive plan addresses the legal and tax consequences of your exit on personal finances and should answer these questions:

- a. What is your timeline for leaving?
- b. How much annual income will you need when you leave?
- c. How will you manage/invest your acquired wealth?

THE BOTTOM LINE

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3. ESTATE PLANNING

What will happen to your family and your assets when you die – either expectedly or unexpectedly? Estate planning revolves around what happens to your assets, either during your lifetime or after death. Your strategic plan will focus on minimizing estate and gift taxes and help identify what replaces your family's stream of income.

KNOWING THE COMPLETE PICTURE IS KEY TO SUCCESS

Many standard buy-sell agreements and wills only scratch the surface of ensuring the continuity of your business and the financial security of your family and yourself. A solid plan requires a thorough understanding of your situation and all components involved.

From the value of the business and your ability to sell to your tax liability and personal wealth, every decision can affect you. It's not enough to just establish the plan. Changing circumstances require you to continually review and adjust your plan.

HORNE CAN HELP.

We'll continue to dive deeper into each of these plans and the steps to ensure you have a solid plan in place. If you'd like more information, need to revise your current plan or need help developing a plan, contact us.

CONNECT WITH US TO GET STARTED.

Contact Joel Bobo at 601.326.1332 or at joel.bobo@hornellp.com for insights and assistance with questions.



Clients turn to HORNE for the foresight, straight talk, and collaboration needed to navigate the challenges of growth, regulatory compliance and risk mitigation. HORNE is a decidedly different CPA and advisory firm who goes beyond traditional accounting services, steering clients through the uncertainties and opportunities ahead.