BUSINESS OWNERSHIP BULLET-PROOFED

THE 4 KEYS TO SUCCESSFULLY PROTECTING YOUR BUSINESS, FAMILY AND PERSONAL WEALTH

DARYL LA'BROOY

CHAPTER FOUR

Ways to Cover the Risk

There are a number of things that can go wrong where business ownership is concerned. Stephen Covey, in his book titled, *The Seven Habits of Highly Effective People* (1989 Free Press), stated one of the habits is to always start with the end in mind. When it comes to ownership matters, keeping the end in mind is precisely what owners, whether family or non-family owners, should do. After all, every person's ownership of a business comes to an end; it's just a matter of how and when.

There are two types of exits that should be catered for, planned exits and unplanned exits. The planned exits are easier to organise, as time is on the side of the owners. They can determine things in an orderly fashion, get advice, and arrive at an agreement. Planned exits assume there will be a buyer of their shares at the right time for the right price. If internal succession can be organised then the exit of an owner is made easier, as the buyer is aware of the business and the price may be easier to negotiate. Selling to someone in the industry is also

CHAPTER NINE

Show Me the Money

In previous chapters, I've talked about three potential sources of money for some of the major risks businesses face. These include borrowing to replace destroyed assets from personal investments or from general insurance companies should there be general insurance in place. However, there is another viable source of funding that I have hinted at previously, but not mentioned. This chapter will cover the matter in detail.

The biggest risk to any small to medium enterprise is its reliance on the owner(s) and/or key employees to continue to stay in business. The inability of these people to continue to do their jobs, either temporarily or permanently, due to accident, injury, illness and or death means the viability of the business will suffer.

The inability of the owner(s) and/or key employees to contribute at all or at the same level after an incident will mean revenue falls along with profitability. Unless a replacement for the owner/key employee can be found, and even if the business had general

CHAPTER THIRTEEN

The Estate Plan

Estate planning is not simply drawing up a will and putting in place powers of attorney (more about powers of attorney later); it is all about ascertaining what assets you hold at the moment, and whether they are in personal names or, more importantly, via entities. Due to the threat of legal liability and creditors, business owners generally don't have any assets in their own name. Assets are also held by their spouses and/or business entities. The owners generally hold debt. This ensures that if they are sued successfully or bankrupted, their creditors won't get any money because the owner doesn't have any in their personal name.

This typical structure makes comprehensive estate planning compulsory. If assets are held via entities, then the owner usually controls these entities, and this control needs to be passed on via the will. When control passes to their beneficiaries, they are then in control of the assets the owner once controlled.

If the owner operates a private company, their will would pass the shares in the company, and therefore its assets, to their spouse

About the Author

Daryl has been a self-employed Financial Adviser since 2001. He has helped clients from all walks of life over the years in relation to their total financial needs, covering issues such as retirement income, protection of their current and future lifestyles, managing personal cash flows, maximising government benefits and investing in shares and superannuation, as well as being a trusted personal resource for all of life's big decisions.

Prior to being licenced as a Financial Adviser in 1998, Daryl had a 17-year career in the financial services sector, in senior roles within three of Australia's biggest banks and one of the country's largest fund managers. He was an economist, lender and fund manager.

Daryl has successfully co-founded two businesses since 2001 and knows intimately what it's like to run an enterprise, deal with other shareholders and manage ownership matters. His direct experience with business ownership issues led him to write his first book.

Daryl is a public speaker who has been presenting to audiences about financial issues for over 25 years.

Daryl's first degree was a Bachelor of Commerce from the University of Melbourne in 1980, majoring in Economics. His second degree was a Bachelor of Business from RMIT University in 1987, majoring in Accounting. He also has a Master of Business Administration (MBA) from the Melbourne Business School.

Daryl is a fellow of CPA Australia, a Fellow of Finsia (Financial Services Institute of Australasia) and a Certified Financial Planner.

Website: www.bops.com.au   Email: info@bops.com.au