

Averting Planning Disasters

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In our previous articles in this series we discussed the entrepreneur's need for a decision-making process versus a planning process. Furthermore, we covered the fact that good decision-making is governed and grounded by gut instincts. So what prevents us from making decisions? What enables us to procrastinate and kick the proverbial can farther and farther down the road?

We often seek out or are offered help with succession and exit planning without a process to gain clarity on the following: the relational factors that are unique to closely held business, the operational needs of the company and a way to see all of this transpire numerically. We believe the primary reason most plans never get off the ground is that they are driven by solutions or the technical aspects of sound planning. Tax and legal advisors are attempting to solve the income and estate tax issues along with ownership succession matters. The technical or tax tail begins to wag the dog. Before you know it, you become overwhelmed with solutions that fail to address some of the basic needs that are at play in the back of your mind. Instinctually, you know there is more to the puzzle.

Below is a list of common reasons we see that most plans fail:

- They ignore basic business issues – what does the business need in order to support the needs of all of the stakeholders?
- They fail to address the “void” left by the involvement in business – passion can be channeled in other directions so long as there is comfort in leaving.
- They fail to adequately address family financial security – When do you cross over the line from “I need more” to “I have enough”?
- Too many moving parts (too complex) – the best plan isn't the one with the most tax savings or looks the prettiest on paper. It's the one you can implement, live with and maintain.
- They don't involve “the next generation” – what are the needs and desires of the next generation? What are their expectations?
- They don't involve “the key employees” – how are you going to get where you want to go unless you know your key employee's goals, desires and expectations?
- Professionals are conflicted out of representing multiple parties – when there are conflicting interests, tax and legal advisors are forced to serve one client.
- Everyone wants to avoid confrontation – any business is successful due to its ability to avoid drama. However, some relational issues cannot continue to be swept under the rug.

- They rely upon the owner(s) to drive implementation – this only lasts for a short while. Once the owner's primary duties suffer, progress halts.
- There is no way to measure success.

Without a process to avert one or more of the above, smart people might move forward in planning for a little while, but when it comes time to execute, they back away from the table. There's simply too much at stake with their wealth, their business and their relationships to risk faltering.

About WealthPoint

WealthPoint is headquartered in Phoenix, Arizona with offices in Denver, San Diego, and Los Angeles. They specialize in providing a holistic approach to business and life insurance advisory services with a focus on succession, exit and wealth transfer planning. WealthPoint serves affluent family groups and entrepreneurs from closely held companies throughout the U.S. The company's *Know your story*® Unique Process helps their clients to achieve better business and navigates the issues client's face surrounding complexity, uncertainty and collaboration. Additional information can be found at www.wealthpoint.net.

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