

Workable,  
innovative, cost  
effective solutions  
for clients.



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# Q

**You are a business owner - Can you imagine your unexpected death?**

# A

Risk to a business arising from the unexpected death or other early departure of the Owner can be mitigated by planning for contingencies. If a business is faced with an unexpected leadership vacancy, an emergency contingency plan will facilitate the transition to both interim and longer term leadership. Knowledge that such a plan exists will give confidence to employees, suppliers, customers and lenders as well to family members.

Generally speaking, a short-term absence is one that is expected to last less than three months in which it is expected that the Owner or President will return to his/her position once the events precipitating the absence are resolved. A long-term absence is one that is expected to last more than three months with the uncertainty of when the Owner or President will be able to return to his/her position, if at all.

The method used to create a contingency plan appropriate to the business and the leader is known as a fire drill. It is accomplished by imagining the death or incapacity of the leader of the business at a meeting of family members and/or at a meeting with senior executives in the business. Very quickly, the risks to the business will become apparent which will precipitate the creation of a short and long term contingency plan for the business.

Examples of matters usually included in such a plan are the appointment of an acting President and the terms of such appointment, creating a support structure for the individual appointed such as the creation of a Board of Advisors to the business, and a communication plan with employees, suppliers, customers and lenders.

Planning for contingencies is planning for continuity.



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