

THE 5 D'S

1 in 2 business owners will experience these 5 risks...
do you have a plan?



ALFA Advisory helps entrepreneurs, business owners and executives protect their personal wealth, optimize the growth and value of their business, and create a meaningful and lasting legacy.

With more confidence, options, and resources, you will scale your wealth and impact faster.

Our aim in this INSIGHT is not to create panic or fear, but to highlight real risks to you/your business. While these topics can be uncomfortable, ignoring them will lead to unnecessary pain and costs for you, or your loved ones, during an already difficult time. Instead, address them for your peace of mind and to increase your business value.

- ❖ **DEATH** Imagine right now: you are in the middle of an intersection and are T-Boned. What do you want your family, management team, and ownership team to know? What happens to your loans? Are the beneficiaries on your assets and life insurance up to date? Who should family and management talk to for advice? Or for cash flow? Do they know where all the documents are, such as wills, trusts, life insurance policies, real estate deeds, etc.? What do you wish you had told them now?
- ❖ **DISABILITY** Now imagine that you had a stroke and cannot speak or write. Does your family know where your important papers are? Do you have a power of attorney for financial and medical matters? Do others have essential passwords that enable them to pay your bills or interface with customers, vendors, etc.? Will this event invoke a purchase of your shares? How will it be paid? Who has the right to vote your shares?
- ❖ **DIVORCE** What if your spouse announces that they have grown apart from you and wants to end the marriage on good terms? How will your shares be valued in a divorce? Do you have a prenuptial agreement? How will the changes in your personal finances impact the cash flow of your company? Do you know your options to create a non-adversarial process for making the decisions needed to unbundle your affairs and mitigate the impact on your business?
- ❖ **DISAGREEMENT** When multiple partners in a business have a disagreement that escalates into conflict, rarely are they prepared with productive exit clauses. In the event you part ways, how will your interest be valued? How will it be paid for?
- ❖ **DISTRESS** Do you have the financial resources and team/operational capabilities to weather the next economic pullback or an unforeseeable threat such as a pandemic? Are you overly reliant on a few customers or suppliers? Do you have emergency funds or credit lines, or are you already overextended? Good contingency planning includes policies that protect against disasters such as data breaches, property damage, workplace safety, critical employee loss, and business interruption.

5 D's Framework courtesy of the Exit Planning Institute

For help evaluating your current risks and developing a financial plan to de-risk,

[Click here to schedule a call with ALFA Advisory](#)