

# Planning For The Three D's

Small business owners often overlook planning for the three D's. The three D's are disability, divorce and death. Consider the following situations.

You form a [partnership](#) with a business colleague. Everything is going well, business is growing and life can't get any better. Then your business partner's husband asks for a divorce. Does your partnership agreement address the issues relating to the divorce of a partner? What if your partner is your spouse and they have asked for a divorce?

You are running a successful business as a [sole proprietor](#). Driving home from work you are injured in an automobile accident and will need several weeks to recover. Will your employees be able to continue in your absence? Could your spouse, beneficiaries or employees easily continue or wind up your business if the accident had been fatal?

Whatever your [business structure](#) your business plan and managing documents should address these unpleasant possibilities. While the following is not an exhaustive list having an answer to these key questions will get you well on the way to planning for the three D's.

## DISABILITY

Consider your key job functions. Is anyone else currently trained in some or all of those functions? If not, why not? Consider the answer to this question carefully. If no one is cross trained because there is not enough time or you didn't think it was important, perhaps you should reconsider.

If you have security concerns consider a method that employs two or more people in your absence. For example, checks that require two signatures so that two key employees or an employee and a trusted family member or friend must sign the checks. If you have a CPA or bookkeeper perhaps they could step in to cover your accounting functions until you return.

Do you have a senior staffer capable of managing employees, overall business supervision and basic business decision making? If you are a one man shop, is there someone in a related business that you could partner with to cover for each other in emergency situations?

## **DIVORCE**

Does your managing agreement address what happens if someone is getting divorced? Does your plan define who owns the stock, is a member of the LLC or is a partner in the partnership? Have you defined a method for one party to buy out another? If allowing a divorced spouse to own a portion of the business is unavoidable have you addressed voting rights and decision making?

If the divorce is happening within the company management will the business continue? If so, which party has the right to stay in the business? What rights does the person leaving the company have to reimbursement for their share and efforts in building the company?

## **DEATH**

The key question here is can the business exist without you or are you the business? If you are the business, then your planning should make it easy for those left behind to resolve unfinished work, collect unpaid bills and perform the other functions necessary to wind up your business.

If your business can exist without you and you wish to make that legacy an option. Start by reviewing the issues raised in the disability section. Do you have a clear succession plan? Who is to step up and take over your job if you have passed? Does that person know? Are they properly trained?

Planning for the three D's requires a great deal of thought and some difficult decisions but your business will be the better for your planning.

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