

3 Financial Tips for Leaders of Mature Companies

Success in business brings with it new challenges for company owners and employees. We've outlined a few common hurdles that business leaders face as their start-ups become growing companies.



ROI GROUP
GUIDANCE, EDUCATION & STRATEGY

3 Financial Tips for Leaders of Mature Companies



If you've been successful enough to lead your company to a tipping point, you've come to realize that with success come additional challenges and decisions to make.

We work with business leaders on a variety of issues, including tax mitigation, risk management, and transfers and exits. From our experiences, and based on both mistakes and positive outcomes we've seen, we've outlined below three tips for leaders of mature or still growing companies.

Employee Retention: Keeping Your Talent

- **Key Personnel & Executives:** Your success has probably proven that you can't do everything yourself. Rewarding key leaders of your business, whether it be with salary or bonus increases, vacation, responsibility, or even equity - while potentially eating into your profits - can ensure that your success continues.
- **Hard-Working Employees:** Developing loyal employees who work hard for you and not just for a paycheck is crucial to business success. People will shed their "blood, sweat, and tears" if they believe you'll do the same for them. Building and retaining a loyal employee base is critical.
- **No-Cost or Low-Cost Benefits:** Many business leaders don't realize that there are benefits packages that can be arranged for employees that are of little or no cost to you as the employer. While employee-sponsored benefits are obviously preferred by employees, these are not always affordable or ideal depending on business conditions. By exploring benefits options that do not carry a high financial burden for the employer, you can show your workers that you're doing everything possible to help them and their families - and retain these cornerstones of your business.

Succession Planning: Know Your Path

We're afraid to ask, but do you have an operating agreement that outlines specifically what happens to your company and its assets if you die? Or if your co-founders/equity stakeholders die? Do their spouses or children attain equity rights?

- **Reviewing Your Goals:** Your "exit strategy" may have changed since you first started or took over your business. Maybe you originally just wanted to take a salary and let the business carry you into retirement, but now you want to sell. Maybe you were looking for a quick hit, but now want to pass the business to your family. You owe it to yourself to revisit your goals and develop a plan for your future.

3 Financial Tips for Leaders of Mature Companies



- **Planning Ahead:** Many business leaders don't realize that transferring a business typically takes years to execute. Depending on the nature of the exit, aspects like due diligence, tax implications, and post-transition employee plans take quite a while to unravel. If you review your personal plan and deem that an exit is impending, now is the time to start thinking about your options and preparing the business for outside review.
- **Updating Your Operating Agreement:** No matter what you decide for your exit plan, ensuring that your operating agreement reflects any changes or updates is critical. This is especially the case if you have multiple owners or run a family business.

Personal Focus: Protect Your Assets

We've all seen the warnings thousands of times - the ones that read "if 80% of your business comes from 20% of your clients, you run a major risk" and "if 50 percent of your business comes from 30 percent or less of your clients, an alarm should go off!" Great advice, but for small businesses who become successful, it's our experience that the success comes from a few key clients early on.

- **Looking Out for Yourself:** You have earned the right to be a little selfish! You've spent the time to build your business into a successful entity, so you deserve to look out for yourself and your family. There are ways to ensure that your finances are sound - separate from your business' finances - while still taking care of key personnel and employees.
- **Insurances:** It's important to review your personal insurance policies at least annually when running a business. There are many factors that might impact the coverage you have for disability and life insurances - and even long term care insurance. Especially if you plan to exit your business, these policies can help you balance and manage risk.
- **Estate Planning & Will:** If you haven't thought about developing an estate plan, now is the time. While it's not fun to think about the unthinkable, you want to make sure that there is a succession plan in place for your business and its employees in the event of catastrophe. A living will and estate plan can ensure that your assets - and those of your family - are transferred according to your wishes.

Learn More

We invite you to read our blog "The ROI Factor" at www.theroigroupllc.com/the-roi-factor, to learn more about these and other business issues.

3 Financial Tips for Leaders of Mature Companies



If you are interested in a free, no obligation discussion with one of our experienced business advisors who have helped develop transition plans for companies of all sizes, please contact us at info@theroigroupllc.com.

Securities offered through Registered Representatives of Cambridge Investment Research, Inc. a Broker/Dealer, Member FINRA/SIPC.

Investment advisory service offered through Investment Advisor Representatives of Cambridge Investment Research Advisors, Inc., a Registered Investment Advisor.

*Cambridge and The ROI Group (**Reliable, Objective Information**), LLC are separate entities.*