



IT'S YOUR LIFE

One Key to Running a Great Business

What is one of the most influential factors affecting your company's success? It's your employees—the people who are right beside you, helping to build the profit and pursue opportunities for growth. Physical assets—the buildings and equipment—support financial goals, but to carry out the directives necessary to reach those goals, a company won't get too far without trusted employees.

And, if you're like other business owners, you have certain employees whose departure from the company could create genuine setbacks. They're the ones with the management skills, technical know-how, experience, and customer relationships you rely on. How would your company handle the void left by a key employee's departure or death, and the urgent need to find a qualified replacement?

Are any of your key people close to retirement, or absent due to a long-term illness or disability that may prevent their return? Perhaps one of your star performers recently quit. Or, perhaps, one of your key employees passed away not long ago. With the anxiety of losing a valuable employee still fresh in your mind, it's a perfect time to start putting a plan in place to protect your company in the event another key person leaves.

Determine who your key employees are.

They are the employees you could describe as the people you can't do without—the ones you trust to make the right decisions when you're not available. They can be at any level or in any position. And there currently may be no one who could step right in and take over their responsibilities. Remember, you're a key person too! While it can be uncomfortable to think about one's own mortality, concentrate on those left behind and what they could go through if you haven't planned for your company's future.

Decide how to protect your company after losing a key employee.

It's an unhappy reality of running a business that good employees leave. And, if an employee has distinctive skills, the loss can be even harder to deal with. That person's unique talents and expertise mean you need to fill some big shoes. Plan to spend a lot of time and effort finding a replacement. And, don't forget money. It's estimated that the cost to replace mid- to high-level employees can range from one-and-a-half to four times their annual salary.

Are you prepared to cover that expense out-of-pocket? Few employers have that kind of extra money lying around, "just in case." Having an important employee leave is enough of a disruption to your business. Do you want to add a financial burden on top of that?

Insure the life of your company.

In the strictest sense of the word, life insurance insures someone's life. But, when used as key person protection for your business, it can be thought of as insuring the life of your company, too.

Life insurance is a cost-effective solution to help provide some welcome financial support toward your company's need to replace a key employee. Life insurance can help to

- keep the business running and growing
- assure creditors that their loans are safe
- assure customers and employees that the business will continue
- recruit, attract, and train a replacement
- replace lost profits
- provide time and flexibility for survivors to make necessary business continuation decisions if the key person is you or another owner

The benefits of key person coverage go deeper than just the cash value of a life insurance policy. It can help smooth the way back to "business as usual" after your organization loses a vital member. In other words, you and your team gain peace of mind thanks to an added degree of stability and security. And isn't that "key" to running a great business?

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