

Which Planning Process Is the Best Fit for You?

Planning for a successful future isn't homogenous. It simply can't be. The needs that you and your business have are likely to be different from every other owner and business out there. So, the question you might ask about planning for future success isn't, "How should I do this?" Instead, it should be, "Which process is the best for me?" Today, we'll look at three different ways you can begin the process of planning for future success.

Urgency Planning

Many owners like to approach their planning through the lens of urgency. Urgency planning means identifying goals or problems that are of the highest risk, ranking them by risk, and then tackling each element in order. This may seem straightforward, but there are some considerations.

1. How do you define *risk*?
2. Why do you think a certain aspect about your business is subject to risk?
3. Why do you think you must address this risk before or after others?

Determining why things are urgent guides the planning process. If tackling projects based on their criticality is what's most comfortable for you, it's important for you to know *why* those things are critical and how they affect the other critical things down the list. Pausing to understand your reasoning may also give you some insight into your more fundamental priorities.

From-the-Ground-Up Planning

When business owners first start thinking about planning for a successful future, from-the-ground-up planning is what they initially envision. (This might be a reason why owners sometimes find the concept overwhelming.) The process for from-the-ground-up planning often looks like this:

1. **Getting internal affairs in order.** This could be hiring the right and appropriate number of people,



**Peter Racen, CLU®, ChFC®, CASL®,
CFP®, AEP®**
peter.racen@nm.com

**Northwestern Mutual Wealth
Management Company®**
www.peterracen.com
424 S. Woods Mill Road
Suite 110
Chesterfield, MO 63017
314-744-5270

- conducting quality control, or creating yearly goals for each team.
2. **Develop management.** Once the house is in order, the next step is to find or train managers who can run the company themselves. Developing a strong management team is critical to the success of from-the-ground-up planning because it's the managers—rather than you—who will keep internal affairs in order and exceed expectations. This will give you time to move to the next step.
 3. **Designing your ownership transfer.** Whether you stay in your business forever, transfer to insiders, or cashing out with an outside third party buyer, you'll need to determine the appropriate amount of money you must have to achieve financial independence and how the business can support that need. Planning your future may include anything from installing programs to incentivize, retain, and/or reward key employees to creating a set of business continuity instructions in case you die or become incapacitated.

Hybrid Planning

Hybrid planning takes the two planning methods from above and mixes them together. Doing so lets you maintain a balanced momentum toward the things you're excited about pursuing while still addressing the most daunting aspects of your planning process.

For example, you might be excited about building your company's value but dread the idea of finding a next-level management team because you've never had one before. A hybrid method lets you combine your urgency planning (building value) with your from-the-ground-up method (installing next-level management) so that you aren't disregarding the things you'd rather not do. Similarly, you might combine your urgent desire to install your kids as the next generation of owners and leaders, but you'll also need to support the company documenting its internal systems and processes (a fundamental factor for business stability), which can help your children be more successful.

We can help business owners identify and prioritize their objectives with respect to their business, their employees, and their family. If you are ready to talk about your goals for the future and get insights into how you might achieve those goals, we'd be happy to sit down and talk with you. Please feel free to contact us at your convenience.

The information contained in this article is general in nature and is not legal, tax or financial advice. For information regarding your particular situation, contact an attorney or a tax or financial advisor. The information in this newsletter is provided with the understanding that it does not render legal, accounting, tax or financial advice. In specific cases, clients should consult their legal, accounting, tax or financial advisor. This article is not intended to give advice or to represent our firm as being qualified to give advice in all areas of professional services. Exit Planning is a discipline that typically requires the collaboration of multiple professional advisors. To the extent that our firm does not have the expertise required on a particular matter, we will always work closely with you to help you gain access to the resources and professional advice that you need.

This is an opt-in newsletter published by Business Enterprise Institute, Inc., and presented to you by our firm. We appreciate your interest.

Any examples provided are hypothetical and for illustrative purposes only. Examples include fictitious names and do not represent any particular person or entity.

financial planning services), a subsidiary of NM, and federal savings bank. All NMWMC products and services are offered only by properly credentialed Representatives who operate from agency offices of NMWMC. Representative is an Insurance Agent of NM and Northwestern Long Term Care Insurance Company, Milwaukee, WI, (long-term care insurance) a subsidiary of NM, and a Registered Representative of **Northwestern Mutual Investment Services, LLC** (NMIS) (securities), a subsidiary of NM, broker-dealer, registered investment adviser and member FINRA (www.finra.org) and SIPC (www.sipc.org).

The products and services referenced are offered and sold only by appropriately appointed and licensed entities and Financial Representatives. Financial Representatives and their staff might not represent all entities shown or provide all the services discussed on this Web site. Not all products and services are available in all states.

Peter Andrew Racen is primarily licensed in Missouri and may be licensed in other states.

CA License: #0D29950

AR License: #3201464

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ CFP® (with plaque design) and CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

The Chartered Advisor for Senior Living (CASL®) designation is conferred by The American College of Financial Services.

©2020 Business Enterprise Institute, Inc. All rights reserved.