In The Loop
Your magazine of personal finance
July-August | 2024



Preserving a legacy:
The importance of succession planning

How to launch your dream business in 2025
Navigating risk management | Sun's out, fun's out | Patriotic pop quiz
5 business tips for a successful summer season

Work hard, play hard: Summer edition

As summer stretches on, it's the perfect time to enjoy the present with those around us. Make the most of these fleeting months with inspiration that is sure to help your business thrive through the summer season.

Since preserving the legacy of your hard work is crucial, you want to have a plan that safeguards the future of your business. Dive into the why and how of succession planning to ensure your efforts and vision continue to flourish, even when it's time for you to step back or pass the torch.

Thinking of starting a new business venture? 2025 may seem far off, but it's never too early to start planning. Our step-by-step guide will help you set the right foundation so you can dream big and put a plan into place for the future.

As we continue our Resilience series, we explore how risk management helps ensure your business can weather any storm. Summer can bring unexpected challenges, but you'll be prepared for anything with the right strategies.

From optimizing operations to enhancing customer experiences, we've compiled an essential list of tips to help your business thrive during the busy summer season. And while you're taking care of business, we have several creative ideas to help you celebrate your team during these warmer months.

Finally, why not add a little red, white and blue to your summer funtivities? Challenge yourself—and your friends and family—with our patriotic pop quiz.

Balance is key, so remember to carve out time for fun and relaxation this summer. Here's to a summer filled with growth, joy and plenty of healthy sunshine!

Your trusted advisors

Balance is key, so remember to carve out time for fun and relaxation this summer.

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Preserving a legacy:

The importance of succession planning



Imagine looking into a crystal ball and seeing the future of your business. If you don't have a succession plan in place, you may not like what you see. But if you've planned ahead by creating an exit strategy and know who will take over the reigns, you'll most likely see a business that thrives well into the future.

You may be surprised to learn that 73% of business owners over the age of 43 would like to exit their business within the next 10 years.[1] And 60% of these businesses have completed a formal valuation within the last two years. As a small business owner, it's important to have more than just a business plan. You also need a plan to ensure a smooth handoff when it's time for you or other leaders to leave or retire. That's where a succession plan comes in. Let's dive in.

Why your business should have a succession plan

Let's say you decide to retire or one of your beloved managers announces they're leaving. Panic may set in while you think, "What's going to happen next?" But when you have a well-crafted succession plan, fear can fall by the wayside. A succession plan ensures:

Business continuity

A succession plan minimizes disruption and ensures that business can run smoothly without interruptions if a key leader or employee suddenly leaves.

Customer confidence

Continuation in leadership and operations helps maintain customer trust and relationships, which are essential for small businesses.

Risk mitigation

Sudden departures can create chaos and uncertainty, especially with finances, but a succession plan reduces these risks because there's someone prepared to step in.

Talent retention and development

A succession plan provides clear career paths for each employee, and it also helps nurture employees to grow and stay with the company.

Knowledge transfer

Critical institutional knowledge and expertise from experienced leaders are retained within the company and passed along to emerging leaders.

Succession planning is important for small businesses to prepare them for future changes, minimize risks, and support the development and retention of staff. It also helps the business remain stable in uncertain times.

Risks of *not* having a succession plan

Without a proper succession plan, your small business can become vulnerable to a wide range of risks, including:

[1] "2023 National State of Owner Readiness Report," Exit Planning Institute, Access May 14, 2024. https://exit-planning-institute.org/state-of-owner-readiness

Loss of customer trust
Leadership changes and inconsistent service can undermine customer confidence and loyalty, leading to loss of business.

Operational instability
The sudden departure of key leaders or employees can affect day-to-day activities and overall business performance.

Increased recruitment costs
Hiring external candidates can be costly, especially when you consider recruitment fees, training and the time to get new hires up to speed.

Gaps in knowledge and skills
When key leaders leave without transferring their knowledge, you lose access to valuable insights and expertise. It can also lead to a skill shortage that is time-consuming and costly to fill. These gaps can be detrimental to decision-making and operational efficiency.

Decreased morale
When unplanned events occur, such as a loss in leadership, employees can feel uncertain about their future with the company, which reduces morale and productivity, and can contribute to high turnover.

Compliance and regulatory risks
A sudden change in leadership can lead to a lapse in compliance with industry regulations and standards, which could result in legal and financial penalties.

It's imperative to have a plan in place to mitigate these risks and ensure the smooth continuation of your business.

Succession plan options worth exploring

Small businesses have several options to explore when it comes to succession planning and ensuring a smooth transition and continuity of the business. Consider the following four options:

1. Keep it in the family
Consider passing your business on to family members to ensure your legacy continues the way you envisioned. It's important to verify that your family members are interested in—and capable of—taking over the business. You'll also want to provide the necessary training for leadership roles and maintain open communication to manage expectations.

2. Sell to employees
Think about selling your business to a loyal employee or group of employees. They're the ones who understand your company best and will want to see it succeed. You could establish an employee stock ownership plan (ESOP), where ownership of the company is held in a trust, and the trust buys the company on behalf of the employees. Employees don't pay out of their wages, but they gain ownership in the business.

3. Find an external buyer
Selling to an outside buyer allows for a clean exit strategy, but it requires more work. You'll need to obtain a professional valuation of the business and analyze the market to find any potential buyers.

4. Consider a merger or acquisition
Merging with or being acquired by another company can give your business the resources and market reach it needs to grow. This option will require due diligence when identifying potential partners and ensuring that their financial health, operations and culture are a good fit for your long-term goals.

Ensure a smooth handover

Succession planning may seem overwhelming. That's why it's important to work with professional advisors who can address any tax, financial or legal implications and help you choose the right path for your business. Your business is your legacy—protect it with a succession plan. ■



How to launch your dream business in 2025

2025 will be here before you know it. And if you're thinking about launching a new business in the new year, now is a great time to get started. From brainstorming your big idea to conducting market research, there's a lot you need to accomplish before you launch your new business. And we have five steps to get you started.

STEP 1
Develop your idea

Great businesses start with great ideas. Think about what you're passionate about and how you can turn that passion into something that solves a problem or fulfills a need. Whatever you come up with, make sure your idea has a unique selling proposition that sets it apart from the competition.

STEP 2
Craft a business plan

Every business needs a solid business plan. And don't worry if it's not perfect from the start; you'll want to adjust it on a regular basis once you get going. A good business plan outlines your goals, strategies and financial projections, and it should include the following:

Market analysis

You'll need to have a good understanding of the industry you're breaking into, your target audience (e.g., demographics, behaviors, interests, locations) and your competitors in the marketplace.

Marketing strategy

It's important to know how you'll attract and retain customers. Consider a website, the proper social channels and whether digital or traditional marketing will reach your target audience.

Operational plan

What will day-to-day operations look like? How many staff will you need and what vendors or suppliers will you work with? These are important things to consider to keep your business solvent and running smoothly.

STEP 3
Conduct market research

Market research is the backbone of your business strategy. It provides insight into your industry; helps you identify your competitors; uncovers the needs, preferences and pain points of your target audience; and allows you to make data-driven decisions to avoid costly mistakes. You can gather research and increase your chances of success through:

Surveys

Use online survey tools like Google Forms or SurveyMonkey to gather data on customer preferences, buying habits and opinions.

Interviews

Conduct interviews to obtain personal perspectives from potential customers or industry experts. This will help you find common themes among your target market and give you unique insights into buyer behavior.

Focus groups

Facilitate group discussions to understand how different people perceive your product or service. Ensure you have a moderator to guide the conversation with a diverse group and a list of predetermined questions.

Industry reports and government publications

Look to sources like IBISWorld or Statista for industry trends and forecasts. And use data from the Small Business Administration (SBA) or Census Bureau for deeper insights.

STEP 4
Define your target customer

The success of your business is based on knowing your audience. Create thorough customer personas by segmenting your market based on:

Demographics, which include age, gender, income, education and occupation.

Psychographics, including lifestyle, values, interests and attitudes.

Geographics, which include location, urban or rural areas, and climates.

Behaviors, including buying patterns, brand loyalties and usage rate.

STEP 5
Leverage SCORE's free resources

SCORE (score.org) is an incredible resource for entrepreneurs and small business owners. They provide free mentoring so you can get one-on-one guidance from experienced business owners. You'll find workshops and webinars on a variety of topics, including business planning, marketing and finance. SCORE also provides templates and worksheets for business plans, finance tracking, marketing and management. You can even connect with a local SCORE chapter for community-specific advice and networking opportunities.

Work with an advisor

Starting a new business is an exciting adventure full of opportunities and challenges. You'll want to work with a trusted advisor to ensure you get started on the right foot, from entity selection to accounting system setup and beyond. And use the resources available to you. With the right product, a solid business plan and a little (or lot of) tenacity, your new business is sure to be a success. ■



Resilience series | PART 4

Navigating risk management

Running a small business can be incredibly rewarding, but it comes with its fair share of risks. Whether you experience a natural disaster, a cyberattack or an unexpected financial downturn, being prepared makes all the difference. In the fourth part of this six-part Resilience series,* we'll discuss how small businesses can effectively manage risk while staying resilient.

What is risk management?

Risk management includes identifying, assessing and prioritizing all possible risks in order to minimize their impact. And for small businesses, this can mean anything from safeguarding against financial downturns to protecting business and customer data. The goal of risk management is to have strategies in place that will help guide you through any potential crises.

Insurance and legal safeguards

The first step in risk management is to make sure you have the right insurance coverage for your business. Here are several options to consider:

- **General liability insurance** protects your business from claims of injury, negligence and property damage. If you interact with customers face to face, have access to their property, use

*In the upcoming articles of this series, we'll continue to explore the ways small businesses can remain resilient in the face of adversity.

advertising or work at third-party locations, this coverage would be good for your business.

• **Professional liability insurance**, also known as errors and omissions insurance (E&O), covers you if a customer sues for negligence or any mistakes employees may have made while providing professional services. If your business sells a professional service or gives advice, this option is for you. Some states legally require professional liability insurance, so check your state requirements.

• **Business personal property insurance** is essential for protecting your business property (e.g., equipment, furniture, fixtures, inventory) against risks such as fire, theft and natural disasters. No matter the industry, business personal property insurance can help protect your company.

• **Cyber insurance** helps cover the costs associated with data breaches and cyber incidents. With the increasing amounts of data businesses are storing, it's important to get coverage that includes data breaches, cyberattacks and terrorist attacks.

Along with insurance, having strong legal safeguards in place is critical. To avoid legal troubles, ensure you have legal contracts that clearly define your business relationships and responsibilities, and verify that they comply with relevant laws and regulations.

Incident response plans

Unfortunately, there are always things that are out of our control; incidents can and do happen. Having an incident response plan (IRP) is essential for your business, as it outlines the steps you should take in the event of an emergency. IRPs should, at minimum, include the following five phases:

1. Preparation. Develop a policy that outlines how you'll manage your incident response, what actions should be prioritized and who will handle the incident. Assemble an incident response team and document the roles and responsibilities of each team member.

2. Detection and analysis. Take steps to implement security safeguards, such as firewalls, intrusion detection and endpoint monitoring. This will help pinpoint vulnerabilities and detect and analyze a potential breach.

3. Containment, eradication and recovery. Use your security management tools to uncover what has been compromised so you can shut down or isolate impacted devices, address the root cause of the problem and restore your systems. Make sure you document the actions taken and collect evidence so you can use this in your future incident response process planning.

4. Post-incident activity. After any cybersecurity incident, hold a post-mortem meeting to discuss what happened and how your business responded, including what worked, what didn't and what you can improve. If your business is subject to regulations that require reporting cyber incidents, make sure this is included in your post-incident activity.

5. Test incident response process. Conduct regular drills and simulation exercises to ensure your team is prepared to handle security events. You don't want to wait until an incident occurs to test your incident response plan.

Stay resilient

Handling risk management can seem daunting, but with the right strategies in place, your small business can navigate through uncertainties with unwavering confidence. Stay prepared and informed and your business will not only survive—but thrive—through adversity. ■



5 business tips for a successful summer season

Ahh, summer. For many, it's the time of year we can kick back and relax, sit by the water and bask in the sun. But for small businesses, the summer months can bring a flurry of unique opportunities and challenges. From anticipating summer demands to maintaining a healthy work-life balance (hey, you deserve to relax, too), we've compiled five essential tips to help you keep everything running smoothly this season.

1 Understand summer demand

The first thing to consider is what summer demand looks like for your business. Every industry experiences seasonal fluctuations differently. For some, summer brings increased tourists and foot traffic. For others, there may be a dip in sales as customers travel elsewhere for vacation.

- **Analyze past data**

Review sales and customer data from previous summers to identify trends and patterns so you can predict what to expect this year.

- **Stay flexible**

Be ready to adapt your strategy if unexpected changes occur. Customer behavior can be affected by many things, such as unpredictable weather or changing trends.

2 Prioritize customer experience

Summer can bring a diverse crowd of clientele, from regulars to tourists. Enhancing customer experiences can make a big difference in your business's success. Be sure to:

- **Provide seasonal offerings**

Think about what would appeal to your customers during the summer and introduce new summer-themed products or services.

- **Create a welcoming environment**

Make sure your space is inviting and comfortable. If you have an outdoor area, consider including shade and seating. Keep indoors cool and pleasant to create a respite from hot summer days.

- **Engage on social media**

Connect with your social following by sharing summer specials and behind-the-scenes content. Encourage your customers to share their experiences, too.

3 Consider staffing and scheduling

If your historical research shows slower summer months or reveals that you need extra help, it's important to manage your staff effectively.

- **Hire seasonal staff**

If your business tends to get busier in the summer, consider hiring temporary staff to help handle the increased workload.

- **Offer flexible scheduling**

Create flexible work schedules to accommodate your employees' summer plans. This is a sure way to help boost morale and reduce burnout.

- **Provide training**

Make sure your team is well-trained and prepared for the busy summer season. When your team is well-informed, they'll provide better service and be better equipped to help handle the rush.

4 Optimize operations and logistics

Smooth business operations will lead to a successful summer season. Prevent disruptions by ensuring your logistics and supply chains are optimized.

- **Manage inventory**

Keep an eye on your inventory, and review data from previous summers to ensure you've stocked up on popular items. While you don't want to run out of these items, you also want to avoid overstocking items that may not sell as well.

- **Streamline processes**

Evaluate your current processes to identify where you can make improvements. Consider using technology to automate routine tasks, like inventory tracking or staff scheduling.

- **Maintain supplier relationships**

Communicate with your suppliers to make sure they can meet your increased demands. Establishing a good rapport with them may help lead to more flexible terms and better service.

5 Maintain work-life balance

It's easy to get caught up in the hustle and bustle of the summer season. But it's important that you strive to maintain a healthy work-life balance for your personal well-being. (You'll want to ensure the same for your staff, too.)

- **Set boundaries**

Clearly define your work hours and stick to them. Communicate these boundaries with your team and customers to set expectations.

- **Delegate responsibilities**

Trust the team you've hired to handle tasks and make decisions when you're not around. Delegating lightens your load and empowers your employees.

- **Take time off**

Don't forget to take breaks and enjoy some summer sun yourself. Whether it's a long weekend away or a day off to recharge, taking care of your mental and physical health is essential.

Make the summer season a success

Managing a small business during the busy summer season can be challenging, but with the right strategies in place, it can also be incredibly rewarding. Stay proactive and adaptable, and don't forget to enjoy the sunshine along the way. Here's to a successful and vibrant summer season! ■

Sun's out, fun's out

5 ways to celebrate your team

Summer is here, and it's time to bring some sunshine into the workplace! As the days get longer and the weather gets warmer, it's the perfect time to show your appreciation for your hardworking team. From hosting fun outings to providing time off, celebrating your staff is a fantastic morale booster and can help create a healthy company culture. So, let's talk about five ways to make this summer unforgettable for your team.

1 Host a company picnic

Nothing says summer like a good old-fashioned picnic. Schedule a time during the workday (yes, we said "workday"), pack some delicious food (or have some catered) and head to a local park. Plan fun team-building games like frisbee, cornhole or even a scavenger hunt to encourage friendly competition. Doing this gives your team a chance to get outside and relax away from the office, and provides an opportunity to bond and build connections. Just be sure to bring plenty of sunblock and look for areas that provide shade.

2 Plan winery or brewery days

For a more unique and mature outing, plan a trip to a local winery or brewery, or maybe even a few. Rent a bus for the excursion so your team can relax and unwind. Many wineries and breweries offer tours, tastings and food pairings, making it a fun and educational experience. Just ensure everyone gets home safe and sound.

3 Celebrate with frosty treats

Who doesn't love ice cream or a snowcone on a hot summer day? Organize a weekly or bi-weekly frosty-treat social at the office. Set up a toppings bar with sprinkles, chocolate chips and sauces for ice cream so everyone can create their dream sundae. Or consider renting a food truck to bring the frosty goodness to you. This sweet treat is a simple but effective way to give your team a much-needed break during the workday.

4 Implement half-day Fridays

Few people want to sit inside on a nice summer day. Consider giving your employees half-days on Fridays during the summer months. This gesture shows that you value their work-life balance and gives them a head start to a semi-long weekend. Your team will likely appreciate the extra time for relaxation, spending time with family or pursuing hobbies.

5 Bond over philanthropy

Giving back to the community can be a rewarding experience for everyone involved. Organize a volunteer day where your team can work on a charitable project. Whether participating in a charity run, cleaning up a park or highway, serving food at a shelter or helping at a local food bank, these activities can help foster a sense of unity and purpose. Bonus: It's a wonderful way to help your community and solidify your business's commitment to social responsibility.

Celebrate your staff

Showing your appreciation to your employees helps build a positive and healthy company culture. Taking time to celebrate them during the summer will help them feel valued. This not only leads to more engagement, motivation and loyalty, but it also helps foster a sense of community. Cheers to a stellar summer filled with celebration and camaraderie! ■



PATRIOTIC POP QUIZ

It's time to see red, white and blue! Flex your patriotic muscles and show off your knowledge of American history. Whether you're a history buff or just in it for fun, these questions will test your knowledge and maybe even teach you a thing or two about the land of the free and the home of the brave.

1 In what year did the United States declare its independence?

A. 1774
B. 1776
C. 1783
D. 1796

2 Who was the first president of the United States?

A. Thomas Jefferson
B. James Madison
C. John Adams
D. George Washington

3 Who was the primary author of the Declaration of Independence?

A. John Adams
B. Benjamin Franklin
C. Thomas Jefferson
D. Georgia Washington

4 The American flag once had more than 13 stripes. How many were there?

A. 14
B. 15
C. 16
D. 17

5 How many people signed the Declaration of Independence?

A. 10
B. 24
C. 42
D. 56

6 When was the Pledge of Allegiance first composed?

A. 1776
B. 1892
C. 1901
D. 1952

7 What is the national anthem of the United States?

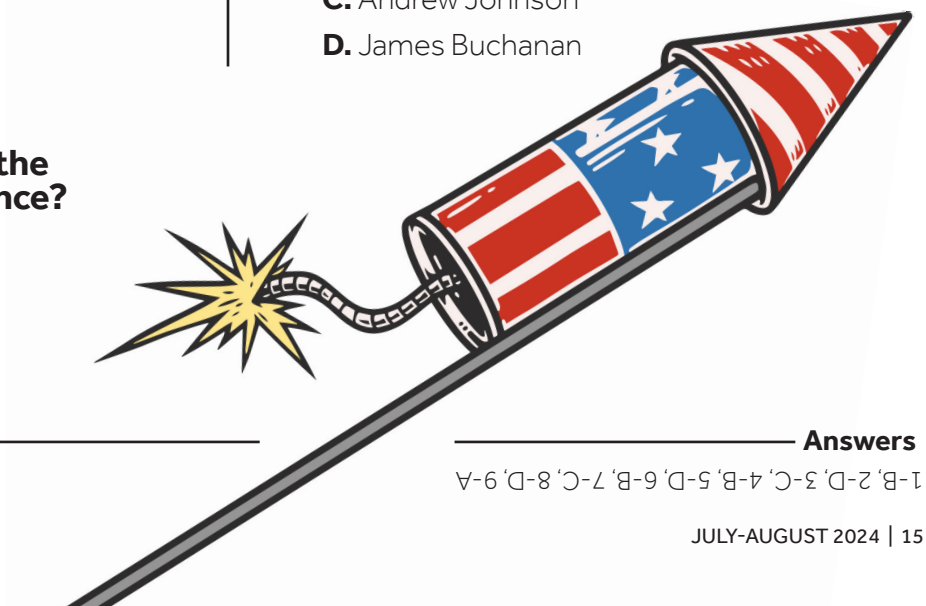
A. "God Bless America"
B. "American the Beautiful"
C. "The Star-Spangled Banner"
D. "The Stars and Stripes Forever"

8 Which document begins with the words, "We the people"?

A. The Gettysburg Address
B. The Bill of Rights
C. The Declaration of Independence
D. The Constitution of the United States

9 Who was president during the American Civil War?

A. Abraham Lincoln
B. Ulysses S. Grant
C. Andrew Johnson
D. James Buchanan



Answers

1-B, 2-D, 3-C, 4-B, 5-D, 6-B, 7-C, 8-D, 9-A



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