

# Top 10 mistakes business owners make



## Legal Matters

Anne McKinney  
Guest columnist

You've built a fabulous business: Your customers are happy, your staff is growing, and looking at your balance sheet is enjoyable.

Don't blow it!

In nearly 40 years of working with entrepreneurs, I've seen too many businesses suffer from the ravages of poor planning, squabbling families and the belief that the boss has to do everything personally. Here are the top 10 ways I've seen business owners drop the ball:

### Failing to communicate

1. Fail to communicate information required to run the business
2. Fail to consider the possibility of disability

3. Fail to face realities of mortality  
A good boss knows how to do all of the jobs in the company, but the owner shouldn't be the only one with the know-how. If nobody else can write a check, understand the computers or negotiate with suppliers, you're playing with fire. Unless you're Superman or Wonder Woman, you will die or become incapacitated some day. You may even (gasp) retire or take a long vacation.

### Lack of planning

4. Fail to plan for succession
5. Fail to secure the funds for purchase of the business/succession
6. Fail to provide funds for equal division of family wealth
7. Fail to build a "second estate" (to live comfortably without salary)  
Who can you trust with your life's work? Do any children want the job? Would they succeed at it? Or is it better for your family and your business

to sell the company?

If more than one child wants to work in the business, who's the boss? If only one wants the business, do you have enough non-business assets to make up the difference to your other children? Or will your protégé need to find the money to buy out his or her siblings? How easy (or difficult) would it be for your family to simply sell the business and split the proceeds?

### Not reinforcing family privacy

8. Fail to protect family privacy
9. Fail to eliminate potential in-law/second spouse invasion  
Most people who inherit a business or other wealth find friends and relatives they never knew they had, many with a fabulous "opportunity" to share. Savvy entrepreneurs use tools like revocable living trusts to avoid probate and protect their privacy. Likewise, the right estate plan-

ning documents can make sure your property passes as you wish.

### Missing out on a reliable team

10. Fail to build, use and pay for a strong team of professionals

Planning ahead only works if you have the right information and someone to carry out your vision when you aren't here to do it yourself. Don't put your life's work and your family's peace in the hands of just anyone. Instead, assemble a team to provide financial guidance, accounting expertise and legal advice and use them as the backbone to carry out your plans.

*Attorney Anne McKinney focuses her practice on probate, estate planning, business succession and related areas. McKinney can be reached at [amckinney@ammtaxlaw.com](mailto:amckinney@ammtaxlaw.com). (This column was prepared with help from stalwart Legal Assistant Carolyn Gray.)*

## CONGRATULATIONS

to FirstBank Executive Chairman of the Board James W. Ayers on receiving the coveted Horatio Alger Award.

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Jim Ayers walks across stage to be formally inducted into the Horatio Alger Association of Distinguished Americans at a banquet in Washington, D.C. Above, he is pictured with FirstBank East Tennessee Chairman Jim Clayton (left), who was a Horatio Alger inductee in 1991.

