



## Long-Term Planning for Executives with Concentrated Positions

Sometimes, seeing your situation from a different angle can bring clarity to what your instincts already know.

In 2020, I worked with David, a 52-year-old COO who had spent nearly two decades helping grow a software company from a scrappy startup to a major player in the enterprise space. When the company was acquired by a publicly traded firm, David's compensation shifted dramatically, with most of his net worth now tied up in the acquiring company's stock.

David was proud of what he'd built. "I know I should diversify," he told me over coffee one morning, "but it just feels wrong to sell. This company is part of me."

I asked him, "If the deal had been all cash, would you have turned around and bought millions of dollars of this stock?"

He paused. "No," he admitted. "I wouldn't have."

That moment of clarity helped David realize that diversification wasn't about disloyalty; it was about good stewardship of the money he had been entrusted with.

### Why *Diversification* Matters

Many family business owners find themselves heavily invested in their company, even after a partial sale of ownership. When too much of your wealth is tied to one company, your financial future becomes vulnerable to forces outside your control, such as market shifts, leadership changes, or even regulatory issues.

Three smart strategies to reduce risk without abandoning your legacy:

1. Selling a Portion of Your Shares

If your company allows it, you may be able to sell some of your shares before a full sale or public offering. This can give you access to cash and help you spread your investments across different areas. These types of sales are often arranged through special platforms or directly with investors.

2. Gifting and Trust Strategies

You can transfer some of your shares to family members or to charitable accounts before a major event like a sale. This can help reduce taxes and support your long-term goals. It's also a way to share your success with others while reducing the risk of having all your wealth in one place.

3. Planning Ahead for Taxes

Working with a tax advisor before a big financial event, like selling your company or going



public, can help you make smart decisions. This might include exercising stock options early, timing your valuations, or setting up the right kind of business structure to reduce taxes.

Think of diversification like navigating with a GPS that offers multiple routes. If one road is blocked due to an accident or construction, you have alternate options that still get you to your destination. However, if you've bet everything on a single road, no matter how many times you have driven it, you're at the mercy of whatever happens there. Diversification gives you flexibility, resilience, and options should unforeseen obstacles arise. It's not about abandoning the known route, but ensuring you're not stranded if it suddenly becomes impassable.

### Keep It *Simple*, Keep It Strategic

You don't need to be an expert in tax code or financial engineering to make wise decisions. What you protect today can fuel impact for generations, if it's managed with intention.

David didn't sell everything. But he did diversify enough to protect his family's future and still felt deeply connected to the company he helped build.

Written by RJ Finley  
Private Wealth Advisor  
[rj@decidedlywealth.com](mailto:rj@decidedlywealth.com)

Posted on August 13, 2025