



What If You Can't Be There?



Choosing someone capable of running your business in an emergency should be part of your business plan.

We all like to think we are invincible masters of the universe. Unfortunately, since the reality is that our fate can hinge on something as trivial as a slip on the ice, have you considered all the urgent issues that would come up if you were suddenly incapacitated?

Someone to Take Over

Every business should have a second in command. You, as an owner-manager, should ask yourself: "Who has the capacity to run the business if I am absent for a prolonged period?" If no one comes instantly to mind, you should think of either training or hiring someone with this ability. If you think there is someone who could do the job with a little training, start mentoring them and have them shadow your everyday activities. Your staff, as well as your clients and suppliers, should be familiar with this person and know of the trust you place in them by ensuring their attendance at contract meetings, conferences or seminars. Your clients need to feel as comfortable with that person as you do and they should see that this person has your confidence.

This designated person must be able to:

1. sign on behalf of the company at the bank
2. access the in-house safe, locked cabinets in your office and the safety deposit box at the bank
3. access master passwords for the computer, online mailboxes, bank accounts, CRA for payroll, HST and other online portals
4. access insurance policies for vehicles, equipment, building and contents and key person policy in case you die
5. access any licences for vehicles or heavy equipment or intellectual property
6. bind the company to contracts in your absence
7. take over your role in dealing with existing projects and with your major clients, suppliers and the right people at the bank
8. be in charge of cash management, review receivables, ordering and do the analysis necessary to ensure a continued cash flow
9. be in charge of payroll, approve hours worked and oversee transfers from operations to payroll accounts
10. contact the company accountant, lawyer and insurance broker





11. access the corporate financial statements and tax returns for the previous three years

A review of these everyday operational issues will help determine how vulnerable your business might be in the event you are taken out of circulation for more than a couple of days.

Your replacement should be able to access all the computer codes needed to run your business.

Codes and Keys

Control of computer access by your second in command is necessary, not only to ensure business activity continues uninterrupted while you are away, but also to ensure that key employees do not mismanage assets in your absence. Your substitute must have the ability to review all data at any time. In the event an employee must be dismissed, your deputy must be able to change passwords in order to protect company data.

Information

If you do not have a replacement knowledgeable about the details of contracts, the company's financial position, loan agreements, etc., your business risks being temporarily crippled while company personnel try to get company data from suppliers, clients and financial institutions. Make sure all pertinent documentation is available and that your replacement knows what is required.

Key Contacts

Contact between your designated replacement and key individuals such as accountants, lawyers, bankers and insurance agents is essential in the event there are emergencies that require their input. You should introduce your potential replacement to these key people and provide written permission to them by means of a letter for their files stating that you have authorized this person to act on your behalf in any corporate matter in the event you are unavailable.

Business Acumen

When you have chosen your replacement, groom them for their management potential. Provide training in business management and have them work with you when you analyze cash flow needs, establish project costs, etc. so they can supplement theory with experience of how you actually work. It is important that your replacement feels comfortable in your shoes.

Field Experience

Ensure your replacement is not office sheltered. They should get into the field and become familiar with the faces, names, tasks and responsibilities of all employees. Familiarization prevents any buildup of contempt that some employees may feel for





someone taken from the ranks and groomed for the top job. The breadth of experience that comes with field work enables your replacement to understand how the company's projects are progressing, know who is working where and with what responsibilities. Field experience also gives the new leader an opportunity to learn how costs are controlled in the company.

Start Planning Today

Contingency planning for the possibility that you suddenly may be unable to take an active role in running the business should be a part of normal long-term planning for anyone who runs their own business. Knowing that your business will continue until you are back on your feet is, in itself, just good business.

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