

SURVIVING DIVORCE AND AN ENTREPRENEUR AND SMALL BUSINESS OWNER



With the economy so dim that even the light at the end of the tunnel has been shut off to save money, entrepreneurs must work exponentially harder to succeed. This means longer hours, working while off the clock and sacrificing valuable family time to keep the business afloat. Unfortunately for many small business owners, the neglect of family leads many spouses of entrepreneurs upset and desiring a way out. Glenn Phillips experienced this firsthand. The founder of Forte Inc., a software consulting firm, Phillips found himself in the midst of a divorce that cost him approximately \$200,000 to finalize. In addition to the financial losses, Phillips was met with time-consuming hardship that proved detrimental to the team. His wife's attorney often pulled him away to negotiate a settlement, and required him to dig up piles of paperwork from his past. This costly and painful process ate up nearly a year of Phillips' time and a quarter of his annual revenues. In the end, Phillips got off easy, as he got to keep complete control of his company, Forte Inc., based out of Birmingham, Alabama. The divorce, which took place in 2003, took a heavy toll on the business, causing Phillips to pare down his staff and decide on a closer specified business niche. The case of Glenn Phillips is not an unordinary one. Several other small business entrepreneurs face these types of hardships each day. Unfortunately, passion for the business often clouds the entrepreneur's ability to see the early warning signs that the marriage is on a downhill slope. However, in the event of a divorce, there are ways to ensure that you keep your company. October marks the one-year anniversary of the nationwide availability of a "no-fault divorce". This process enables spouses desiring a divorce to hash out the details in a mature, calm manner. Couples no longer have to provide proof of fault or make allegations to file for divorce. Instead, the couple simply decides to end the partnership and move on. Without a no-fault divorce, a spouse must prove reason for divorce on legal grounds. These reasons vary, depending on the state, but can range from emotional turmoil to cheating on the partner. The process of "no-fault divorce" immensely benefits small business owners. Instead of the lengthy divorce process, and thousands of dollars in legal fees, couples sit down and calmly decide on a settlement agreement. Even if you do not have the luxury of a no-fault divorce, it does not mean the end of your business and career. Planning for these tragedies through a preparation of a will, a buy/sell agreement which designates company ownership in such events, transferring the shares of a business through a domestic asset protection trust, or a prenuptial agreement before marriage will help ensure that owners keep control of the business in case of a divorce.

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