

A hand in a dark suit jacket points towards a glowing orange node in a network diagram. The diagram consists of several white and blue nodes connected by thin lines, set against a dark blue background.

Risky Business

Managing Human Capital Risk
in very Small Businesses

FAP
SERVICES
NETWORK

**Let's test
your
knowledge**

QUESTION

How many small businesses are there in New Zealand?

A. Approx. 470,000

B. Over 530,000

C. Below 220,000

**Let's test
your
knowledge**

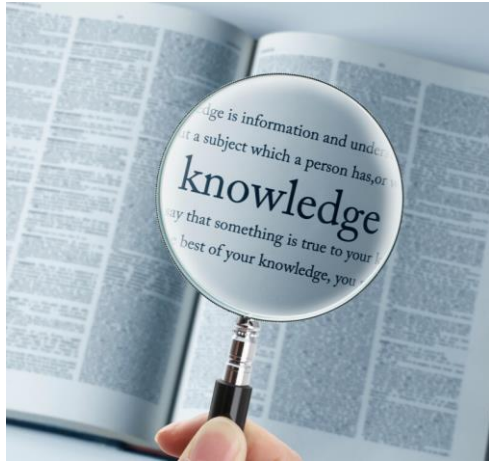
QUESTION

How many of the 530,000 small businesses employee between 1 - 5 people?

A. 41,316

B. 100,662

C. 388,323



THE DYNAMICS OF SMALL BUSINESS

Why small businesses are more at risk



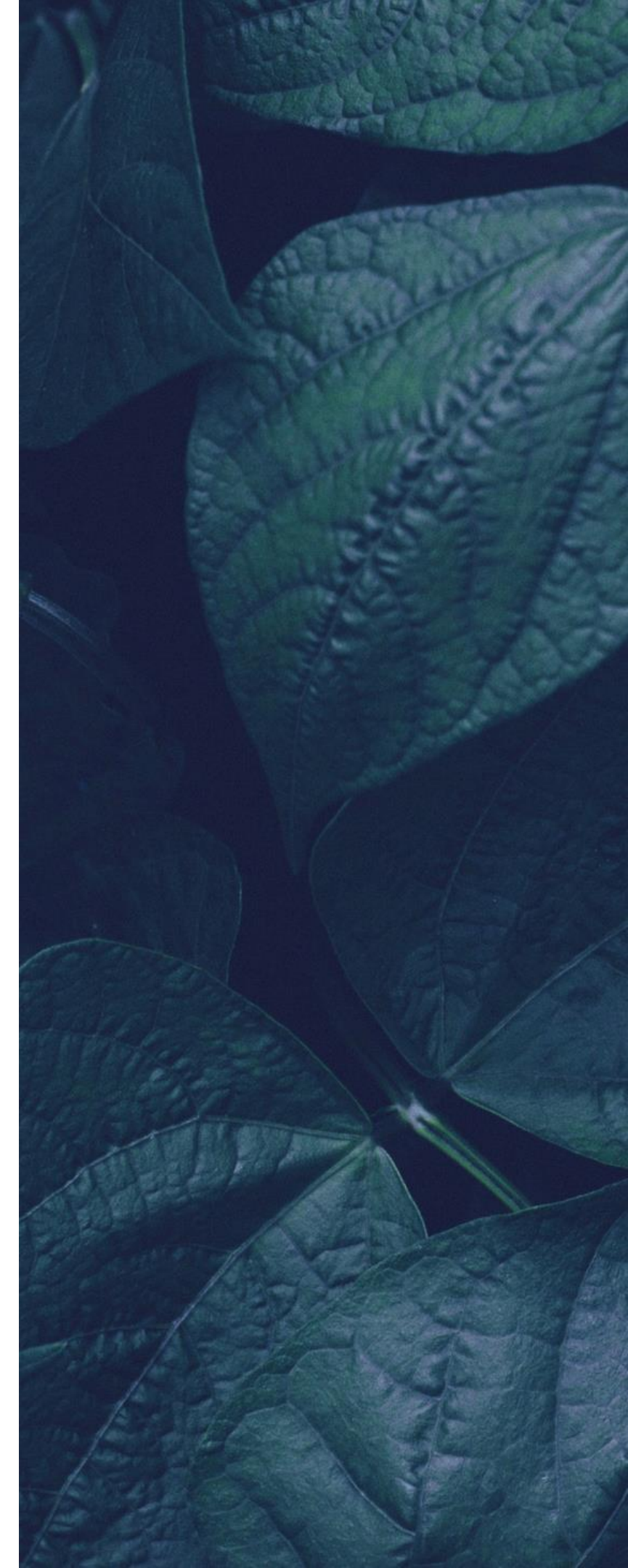
MANAGING HUMAN CAPITAL RISK

Identifying areas of risk for small businesses



THE IMPORTANCE OF GOOD ADVICE

Helping your clients become more resilient





Income

Business Debt

Mortgage

Security

Family Trust

Security





Why are small businesses at risk?

HUMAN CAPITAL RISK

The success of a small business is often reliant on the owner. The loss of the owner will be likely to have a significant negative financial impact.

SMALL BUSINESSES CAN'T SUSTAIN THE LOSS OF A KEY PERSON FOR LONG

Many small businesses will be forced to wind up within 3-6 months following the loss of the owner.

BUSINESS ASSETS AND PERSONAL ASSETS ARE INTERTWINED

The owner's personal assets are used as security for business loan facilities and the owner relies on the business for personal income to maintain their lifestyle.



JUST NEED TO REPLACE THE OWNER



JUST NEED TO COVER BUSINESS EXPENSES



I CAN SELL THE BUSINESS TO COVER MY DEBTS

Myth Busting



Identifying areas of risk for small businesses

1

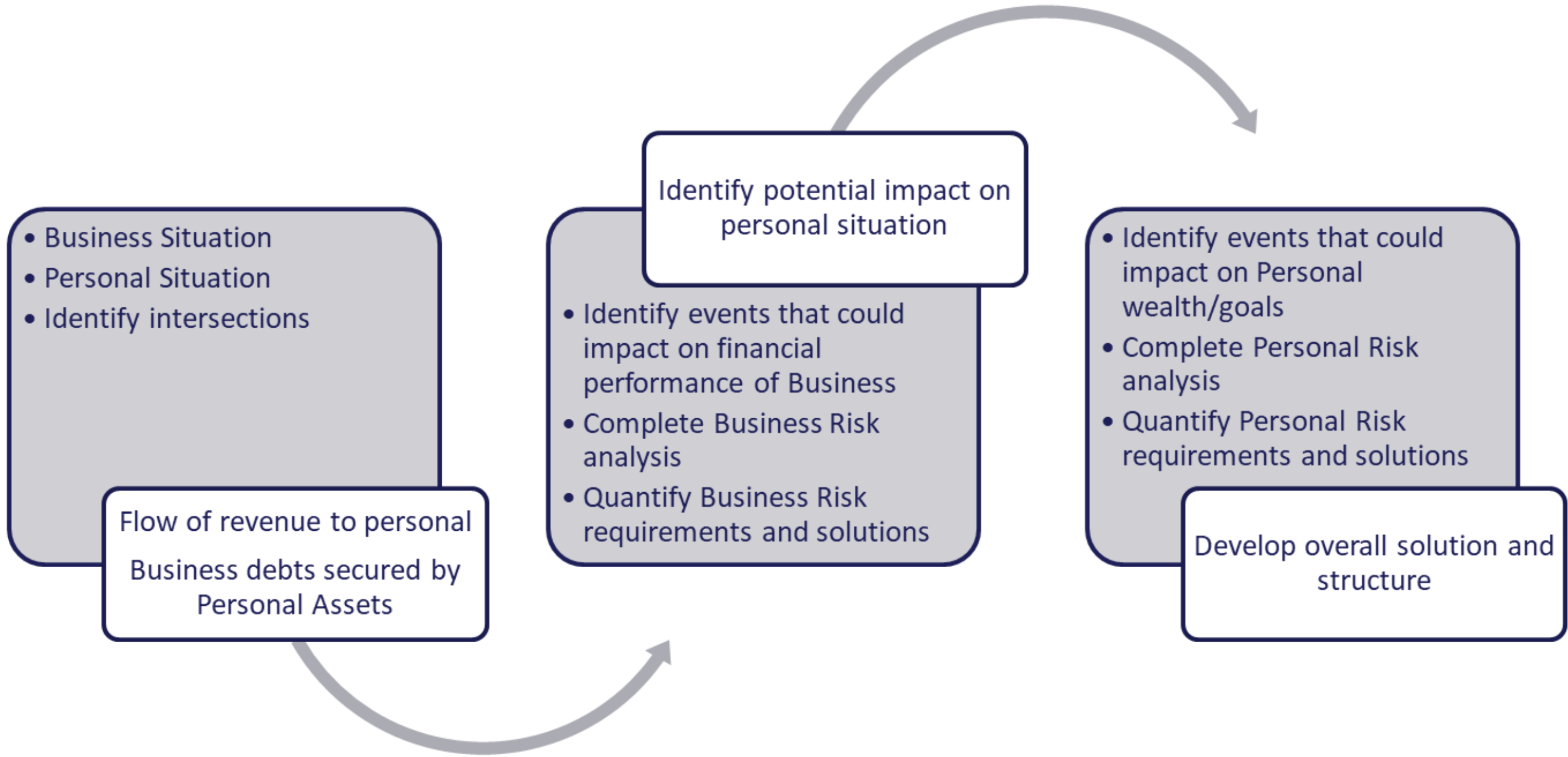
PLANNING TO ENABLE THE
BUSINESS TO STAY AFLOAT
DURING A PERIOD OF
DISABLEMENT OF THE OWNER

2

PLANNING FOR 'GRACEFUL' WIND
UP IF THE EVENT AFFECTING THE
BUSINESS OWNER IS SERIOUS

3

PLANNING TO PROTECT THE
PERSONAL FINANCIAL NEEDS
AND ASSETS OF THE OWNER
AND THEIR FAMILY



Risk analysis roadmap



OPTIMISED PROTECTION



REDUCED COMPLEXITY



INCREASED CERTAINTY



MINIMISED COST

**Why good
advice is
important**



RISK MANAGEMENT PLANNING

It's not just about insurance



IDENTIFYING RISKS & SOLVING PROBLEMS

It's not about comparing insurance products



OUR GOAL IS TO HELP PROTECT BUSINESS OWNERS AND THEIR FAMILIES

Let's change the conversation



Thank you

Risky Business: Managing Human Capital
Risk in Small Businesses

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