

Case Study: Key Person

Background:

XYZ Ltd are an SME with around 30-40 employees. They have a turnover of £5 million per annum and have 3 controlling directors

The Finance Director is responsible for: Payroll, Tax Returns, Reconciliation of Invoices and Earnings as well as Strategic Planning

Effectively a one man team as many of the key functions were only known and carried out by the FD. No other member of staff would know how to carry out these duties.

What if something were to happen to the FD? This would impact on the key workings of the company, turnover, profitability and a fall in staff motivation due to possible breaches of contract.

Actions:

Complete Audit of Key Individuals within the company.

A full assessment of vulnerability

Assessment of impact to business for loss of individual - £1million immediate impact to business

Outcome:

- Business protected from liability in the event of death
- Finances available to ensure continuity of pay and business cash flow
- Succession planning enabled
- Key Person product – Life Insurance £1million

Provides finances to continue business functions

Money available to initiate search for qualified replacement

Funds available to offer market competitive package to new employee

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