



FiLife Contributor

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One Smart Guy: Wealth Building Tips For Entrepreneurs & Individuals

3 Obstacles To Financial Success: Part 3

by OneSmartGuy

Last month, we talked about the folks whose fear of losing money freezes them from making a decision, so they don't make or delay their decision to ill effect. Sometime in the past they may have made bad financial decisions that cost them a great deal of money. This causes them to become like a deer in the headlights each time the idea of choosing the right investment or financing option arises.

As a financial planner, I've seen what leads to wealth building success and what leads to failure. Today, I want to talk to you about a third obstacle to financial success I often see.

Fear of Not Making the Right Decision

Some people I meet have made very poor financial decisions at one time or another in their lives that have cost them a great deal of money. Now every financial decision they need to make is haunted with scenarios of ruin. It's as if the grim Ghost of Christmas Future arrives with every financial opportunity!

The Entrepreneur

I remember a small business owner who had taken a big step in hiring his first CFO/controller, only to find that she was not up to the task. Her actions hurt customer and vendor relationships and cost the business money. Spooked by the prospect of repeating his mistake, the business owner put off firing the controller and hiring a replacement. As a result, there were no improvements to customer or vendor relationships. His hesitation was costing the business opportunities and making him work harder, since he had to do the work of another person as well as trying to fix damaged relationships.

The Home Buyer

Another example of the fear of making the wrong decision that I frequently encounter is that of a client wondering whether or not to lock in a current interest rate now for a home loan or wait in hope that the rate may come down. I generally tell clients to lock in now or use a mortgage company that allows a one time float down lock down.

Even though I encouraged a recent client to lock in a home loan rate before he went on vacation, he didn't. By the time he returned two weeks later rates had gone up almost a half point. His fear of taking action at a less than perfect time resulted in his losing out on a lower rate, and it cost him dearly.

- **Tip:** If you are home shopping and can afford the mortgage (e.g., it fits in your financial plan) with the current interest rate then lock it in. Don't gamble it may come down. If mortgages rates come down enough, refinancing is always an alternative.

Procrastination. Fear of loss. Fear of making the wrong decision. Now that you can identify these three emotional and behavioral obstacles, I hope you'll be more attuned to see whether they stand in your way. Don't let them keep you from making smart financial planning decisions for your company and yourself.

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President of Zdenek Financial Planning (www.zdenek.com) and a personal financial planner, Guy McPhail is nationally recognized for his expertise in cash flow management and financial planning for small business owners.

A Certified Financial Planner® professional and a Certified Public Accountant (CPA), Guy manages the personal financial planning area at Zdenek Financial Planning, providing clients with strategic analysis and support in the areas of cash flow management, business management, tax planning, estate planning, retirement planning, stock option strategies and investing.

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