



FiLife Contributor

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One Smart Guy: Wealth Building Tips For Entrepreneurs & Individuals

How To Take Control Of Your Financial Future

by OneSmartGuy

Are you a small business owner?

Like many of you, I'm a small business owner. As president at my financial planning and investment advisory firm I'm the co-equity owner of this small business. Small business owners also comprise a good part of our business, so over the years I've seen many of the financial management challenges you face both in running your business and with your own personal finances and wealth building.

In my column, I'm going to be sharing with you a variety of tips and strategies that may help make your business more profitable and enable you to build your personal wealth more quickly. I'm no expert in your specific industry, so my business-related counsel will have nothing to do with what you do. Instead, I'll be addressing how you make financial management-related decisions for your business.

If you are *not* small business owner, *keep reading!*

In my column you'll find that some of the smartest steps you can take with your own personal financial planning and wealth building follow the best practices followed by some of the most savvy companies and company managers. (Heard of a fellow named Warren Buffet? You'll be surprised to see how you can apply some principles he follows to managing your own money.)

So, while you'll find me talking many times to the small business entrepreneurs among my readers, keep reading. I'll point out along the way how to apply an insight, tip and tactic to your own personal situation for my non-business owner readers.

OK, let's get started!

Financial management: your second full-time job

This is as true for individuals as it is for business owners, but let's look at things right now from the perspective of the entrepreneur.

One of the reasons you decided to start or buy a business was to have greater control over your own destiny. You wanted to be in a position where the decisions you make about running and growing your business have a direct impact on the lifestyle you create for yourself and your loved ones.

As you have undoubtedly learned, being a small business owner isn't easy. Most of us start out with great expertise in our professions or industries, but we soon learn that we also need to become experts at managing a business's finances. Without this added skill, your business will never generate maximum returns, and your personal wealth will be limited as a result.

When you started your own business you should have drafted a business plan that stated what you would be selling, who you would be selling to and how you planned to attract and serve customers. That plan also have included a review of your start-up expenses and estimated operating costs for the first year or so. Having a feasible business plan gives the new small business owner — especially one who has never been in business before — credibility in the eyes of banks, vendors and customers. If, when reading the previous three sentences you were saying to yourself, "I never got around to doing this," you better do so now! Otherwise you'll find it hard to grow a business in this economic climate.

Assuming that you did draft a plan, did you also write down how your business would help you achieve your personal financial goals? Did you establish some guidelines as to how you would manage your business's cash flow? For that matter, did you take the time and effort to determine just how much money you actually need to accumulate in order to achieve your personal wealth goals? If you answered no to these questions, you are not alone. All too many small business owners launch their businesses without paying attention to these important issues, which impact their future financial well-being.

It's not too late to take charge of your financial destiny — both through the financial management of your business and of your personal wealth building. For this, you first need to draw up a personal financial plan. Next, create or refine your business plan so that it incorporates its own financial plan regarding the financial management of the business.

The first questions you'll need to answer are: How much wealth do I need to accumulate for my personal financial goals? How much profit does my business need to generate in order for me to create the cash flow that I need to achieve my goals in a specific time period? What financial management actions can I take, at this stage in the life of my business, to hold on to more of the cash coming in and to minimize my operational expenses?

A financial planner who is also a CPA should be well equipped to help you run the numbers and establish the financial plans you need for yourself and your business. Think of it this way: The financial success of your business and your own personal financial success are as closely linked as two people bound together in a three-legged race. Unless you draw up and implement *two* financial plans — one for your personal finances and the other for your business — you may have trouble crossing the finish line, let alone winning the race.

Please look for the next monthly installment of **One Smart Guy: Wealth Building Tips For Entrepreneurs & Individuals** in which we will talk about the emotional obstacles that prevent many small business owners (and individuals) from doing the proper financial planning and keep them from achieving their business and personal goals.

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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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