



Planning for Success!

If you don't have a plan to succeed, you really have a plan to fail!

Powerful statement, but very true! Several years ago, I didn't have a plan for success, only a plan to handle crisis situations. I felt like all I did was have contingency plans to meet all of those so called urgent or crisis needs that really didn't merit immediate attention. In other words, I had the wrong type of plan. I was literally planning just to get by and not to grow, let alone succeed.

If you do have a financial or business plan, congratulations, you are ahead of the game. If you don't have one or one that has never been implemented, the following information will be of high interest to you. You will learn how to state your financial goals, develop a plan to reach them, and monitor the results to make necessary adjustments along the way.

Step One: Outline Your Goals or Objectives

The first step is to outline what your actual financial goals are! Is it to have your investments in stock, mutual funds, real estate, etc., to pay for all of your living expenses? Is it to buy that vacation "dream" home in a warmer climate? Drive the kind of car you want? Or my primary goal, to have enough time to enjoy the success achieved with those you care about! Whatever your goals are, they need to be in written form. Not only that, but put together in such a way to easily update or revise the contents.

After you have decided on what you desire in financial terms, you then concentrate on some of the non-financial aspects of putting a plan together. Some of these include the amount of time you want to work, volunteering for civic or charitable causes, time to spend on vacation, time to mentor others, time to write, and the list goes on and on. You need to factor these types of goals along side the financial objectives. If you don't, they will likely be swallowed up by the immediate needs of the moment.

I'll give you a personal example; as I stated earlier, a large focus of my goal

planning is to have more time with my family. I have to decide how much I need to be spending consulting with clients, earning an income, and how much time to spend with my family. First what are my financial needs to keep the family going? Do I need to make two, three, or four thousand a week? Does that mean twenty, thirty, or forty hours per week? Once outlined, I then tabulate the desired level of income, factoring in those other sources of cash that will ultimately lesson my living requirements. The end result you come up with is a working model of your time and income goals that is flexible and attainable.

This list of questions will help you conceptualize your goals and allow you to be more open and free in establishing both the financial and non-financial objectives;

- What is your desired level of income?
- What is your optimum amount of “free” time?
- Do you want to increase or decrease your current standard of living?
- Do you earn what you want to earn?
- When is enough – enough?
- Have you finally reached that mountain top of success?
- What are you willing to give up now to reach your goals?

Tailor your list of questions to the things that are important to you. Everyone’s list will be somewhat different. Use your imagination. Dream as much as you like.

Now that you have laid a solid foundation on what exactly you are trying to accomplish, let’s change gears and talk about how we are going to get there.

Step Two: Develop a Plan to Reach Your Goals

The next step in the process is to develop a plan to make the goals a reality. This is probably the most laboring part of reaching your goals. Why – because it requires you to look at where you are, where your financial position really is, what you are currently doing, and fill the gaps in the planning process.

In assembling all of the necessary aspects of a solid and executable action plan, there are a few points to ponder in order to go forward. The first is that of accountability. You will need the support of those advisors around you that you trust. Some may be family members, some may be close friends, and others

may be within your close circle of business associates. Whoever those persons are, you will need them to keep you accountable in following the plan you've worked hard putting together.

Another item to work through is do you possess the ability to think forward. In my life, this has been an easy thing to do. I liken it to this analogy, comparing how differently my wife and I think. If I'm walking in the forest, I will be so focused on the path way ahead of me, striving to reach the desired goal – getting out of the woods. But I will not see the gapping hole only a few steps in front of me. My wife is the complete opposite. She will be so focused on the two or three steps ahead, that she will not even see the tree limb hanging at eye level. It is all a matter of perception. Some think forwardly, some think in the present, and even others think in the past. Keep these two considerations in mind while developing your action plan.

Preparing an action plan places importance on the following considerations:

- Assemble your team of advisors
- Establish a time frame in reaching the goals
- Determine the tools that will be needed
- Begin with the end in mind and work backwards
- Make frequent reference when making decisions if it will ultimately lead to reaching my desired goals
- If so, proceed – If not, then stop!
- Press on through the challenges

Let me give you a basic example of an action plan. The primary goals are:

- 1) To have a business that will support the family living expenses
- 2) Get the children through college
- 3) Give generously to charities
- 4) Have a secure retirement.

The first thing to do is establish a timeline of when these goals will be realized. Working backwards, retirement will be in approximately 30 years. Giving substantially to charities will be between 20 and 30 years. Funding college will be in 15 years. Creating a business will start immediately.

Each of these time lines have unique aspects and require different tools or mechanisms to achieve success. Starting a business requires tremendous

thought and planning. Let's assume that this has been done. Funding the business will be out of current assets and will not require adding debt. The first five years will be devoted to building the business and laying a foundation to have others oversee the day to day operations. Every effort needs to be made to having the business support itself and to pay a reasonable wage to the business owners.

This sets up the next goal of funding college. It has been determined that saving \$ 500 per month for the next 15 years will allow Billy to attend a state school for 4 or 5 years. Invested in the appropriate vehicles, the amount will accrue to over \$ 125,000. Keep in mind that this program must be set up just like you were paying your mortgage or car payment. It cannot be put away only if there are funds left – it must be a priority.

Generous giving will come from net spendable income. The more that expenses are controlled and income is maximized, the more left over to make choices. You will have more choices in giving of your resources and successes. Retirement also must be viewed as a normal and reoccurring payment. It has been proven that the earlier you start putting the money away, the more the interest compounding has to increase the principal. This type of action plan for retirement requires specifics such as lifestyle choices, tax brackets, other sources of income, etc. to properly map out the direction to go.

Of course we have not put together another crucial part of an action plan, which is all of the numbers, payment schedules, interest amounts, maturities and so forth. This example was used to show you how simple an action plan can be, but putting it in practice can be difficult – that's where the advisors come in. Keeping you faithful to the action plan is so KEY in reaching your goals. Be prepared to say "No" to anything that doesn't get you closer to reaching your objectives.

Step Three: Monitor the Results

Will my current lifestyle be supported by what I have put together? If so, you're a step ahead of the game. If not, you have more work to do. This is where monitoring the results of the action plan comes into play. Just like when you are driving on the freeway, talking on the phone and you miss that exit to take you home. You must turnaround and correct the wrong turn and get back on course. If you don't the direction you are going is an out of the way distraction. Incidentally, this is like me not seeing the pothole directly in front of me.

An example of this would be to not change your investment strategy to meet the income requirements for retirement. Earning 2 or 3 percent won't get you to where you want to be in 30 years. Changing the tools is necessary. Missing contributions to your college funding plan significantly reduces the likelihood that your children will not owe school debt upon graduating. Believe me there will many things that will need to be monitored, adjusted, and re-centered along the way.

Along the path to reaching these goals, there will be frequent wrong turns and adjustments that will have to be made to get you back on track. This is another key factor in your success. As was said before, your advisors are crucial in providing support and helping you make adjustments in the direction you are going. I strongly suggest that you have another person review any changes you feel need to be made. An objective, unbiased opinion will allow you to see some of those obvious miscalculations.

In summary, there are three ways of planning for financial growth or success; establish your goals, develop an action plan, and monitor the results. By following these proven steps, you can get to where you want to be. This is not a sprint, but a marathon. Start setting goals – dream BIG - and expect success! As always, if I can help, feel free to contact me at (952) 270-1800.

.