

BUSINESS OWNER BLINDSPOTS – UTILIZING AN ENGINEERING APPROACH

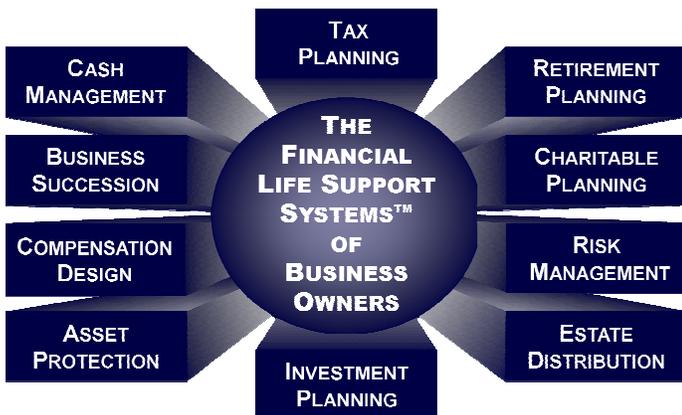
One of the most important ingredients to success is how effectively one deals with constant change. Facing a very chaotic financial world, business owners can find it difficult to maximize their success. Attempting to develop and maintain some semblance of a financial strategy while surrounded by this chaos can be challenging.

Because of this constant change, confusion and conflict, business owners are left with “blindspots”. Business owner blindspots are packed full of lost opportunities and pitfalls which cost time, dollars and create anxiety.

Looking straight ahead as you drive a car, your limited peripheral vision creates blindspots to the side and rear. When you drive a business, the same phenomenon occurs. Moving hastily from one financial decision to another causes us to overlook critical underlying factors. So, what types of pitfalls lurk within these “blindspots”? These are quite common:

- ◆ Being incorporated but not knowing how to be incorporated. Not using the many tax saving tools the IRS quietly makes available.
- ◆ Being unaware of the purchasing and maintaining of obsolete insurance products; obsolete due to constant innovation within the insurance industry.
- ◆ Misuse of employee benefit dollars due to a lack of proper compensation design which, in turn, creates negative employee perception, under or over benefit utilization and “reverse discrimination” - key employees receiving less in benefits than other employees.
- ◆ Allowing inflation to distort the future, ballooning taxable estates at death and eroding “cash equivalent” investments over time.
- ◆ Allowing the IRS to maximize its portion of your successes by not capitalized upon the tax advantaged methods of compensation to you and your key people.
- ◆ Making investment decisions based upon the emotions of *Fear* and *Greed* instead of understanding and respecting the U.S. economic cycle and its effects on the four basic types of investments — Liquidity, Income, Growth and Tax Advantaged.
- ◆ Lack of proper estate planning by not coordinating will and trust design, titling, insurance and business continuation planning. If there are financial skeletons in the closet, they always come out at death.

The solution is to engineer an overall financial strategy, designed in your financial image. Let’s face it; your business is your financial life support system. Isn’t it worth spending a little time piecing together a program which maximizes what you, your family and your key employees receive from it? There are two keys to accomplishing this while eliminating the blindspots. The first involves coordinating the following areas:



The second key involves surrounding yourself with a team of highly competent advisors who:

- ◆ know and respect one another; have periodic meetings where information is exchanged.
- ◆ are oriented toward planning for change, not reacting to it.
- ◆ avoiding the use of boilerplate solutions; the team designs solutions which match the financial image of the business owner.
- ◆ maintain superior competence in their particular fields through constant knowledge updating.

The team might include your banker, attorney, accountant, and financial engineer. With the business owner as the quarterback, the financial engineering team can maintain the flexibility and balance necessary to maintain choices of options as changes in tax, legal, economic, personal, investment, estate, and other factors occur. In short, constant change has a tendency to breed routine panic and fear, which, in turn, creates procrastination. These negative reactions enable business owner blindspots to grow in direct proportion to the strange but inevitable penalty which must be paid for entrepreneurial success.

Why not maintain *flex and balance* so you don’t give up your *choices of options*?

Taking intelligent, flexible action in coordination with the financial engineering team can mean the difference between prevailing, surviving or failing.

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