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## Taking the Right Steps To Reach Financial Success

By Kenneth Kamen - 8/6/2007

BIZ SPOTLIGHT - Banking and Finance

GUEST COLUMN - Whether you're an entrepreneur or business professional, you've undoubtedly spent countless hours planning your career. Whether you have numerous successes under your belt or are just starting out, you have a strategy in place for reaching key milestones—for yourself and your business.

But when it comes to your finances, do you have a similar game plan in place? If you're worried that planning your financial future may be more than you can handle alone, never fear. It's actually more similar to planning your professional future than you realize.

These four simple steps will put your business savvy to good use—and ensure your long-term financial security and success.

Look at the big picture. In the business world, it's a must to look beyond the minutia of everyday tasks to consider your long-term goals. You wouldn't focus solely on getting that quarterly raise without considering where you want your career to go in the next quarter. Whatever your objective, you would implement a plan to get there.

Financial planning is no different. Give some thought to what you truly want your life to look like in 10, 15 and 20 years. Imagine you are interviewing your future self about your financial decisions. What questions would you ask, and how would you answer them? Do you want to leave a legacy? Retire with a certain lifestyle in mind? By asking the "future you" these questions, you can develop a clearer sense of your financial goals, and make the best decisions to support them.

Educate yourself. Speaking of the big picture—it's just as important to assess what's going on around you. You're likely to research your competition, even your colleagues, from every angle, then figure out exactly how they affect you—and synchronize accordingly. If you're a CEO, for example, you should know how your partners and competitors operate. A business line manager must understand the functions of marketing, sales and operations and how each relates to his/her unit. And an individual employee must look closely at how other team members' responsibilities impact his/her own.

For your finances, the same approach applies. You should understand what investment options are out there (mutual funds, IRAs, stocks, etc.), and how they fit into your own financial big picture. This is crucial to finding and maintaining the correct balance in your portfolio. Here again, once you know what's out there, make sure it's working in sync. Just as you would expect your business team to work towards the same goal, you need be sure your "financial team" are coordinated as well, and are working together with a clear understanding of your needs.

Use diversification to prepare for the unexpected. Of course, the best laid plans can go awry. A client relationship doesn't pan out. A key partner leaves your business. Do you head for the hills and pack up shop? Of course not. You avoid putting all your eggs in one basket, so when things don't go as you expected, you have a backup plan.

Having a well-diversified financial plan is just as crucial. Perhaps that stock tip doesn't work out, or an investment doesn't bring the returns you expected. Diversification is key to ensure no one single investment decision hurts your finances. The more pragmatic you can be in planning for potential crisis situations, the less surprised you'll be when the time comes to deal with them.

Adjust your plan to match your life stage. In business, your operational plan or career path corresponds directly to the stage of your business or career. Early on, you're focused on growth. Down the road, you're likely looking at expansion, improvements and stability. Late in your career, your attention may shift to exit strategy, succession and, ultimately, retirement.

As in business, your financial needs should shift as you mature. In your peak earning years, emphasize saving, planning and investing, and paying down debt. In your later years, you should be able to enjoy the fruits of your labor in retirement.

In the long run, if you have planned correctly, your business career and financial paths will have been working in parallel—and will finally meet at the crossroads where your career ends, and your retirement begins. By taking the right steps now, you'll be able to reflect on the different stages of your career with pride, and fix your sights on next phase of your life with confidence, and a healthy financial outlook. u

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