

BAINBRIDGE BANTER

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BAINBRIDGE BANTER, FEBRUARY 6, 2004

BUSINESS BANTER

Advice to Enhance Your Relationships

By Cynthia Hatfield

Many relationships, both business and personal, produce stress, or even fail, due to disagreements about money or spending habits. To address this issue, schedule a time with your business or life partner to talk it out before it becomes problematic. One reasonable approach is to discuss your future goals together. By focusing on your mutual goals and dreams for the years ahead, the challenge of talking about money and budgeting can become a more enjoyable event. If you and your partner can agree on a goal, then you might be more motivated to adjust your sales efforts or restrict your spending habits to meet that goal. These goals might be short term, for example, to grow the business by 10% this year or to take a cruise this fall, versus longer term such as succession or retirement planning. In any case, you will need to plan financially to fund your dreams. This is where a budget comes in.

Generally, to budget for the future, you must first review historical spending to have a baseline to from which to work. One useful tool to explore last year's spending is a cash basis income statement, or simply a checkbook summary of cash in (income) and cash out (expenses). Unfortunately, this portion of the budget planning process can be time consuming to create, if it does not yet exist. However, the use of specific software such as QuickBooks or an Excel spreadsheet to summarize the data is helpful, and makes future planning easier, as well. It may be helpful for you and your partner to decide which of you will assemble this basic data, and then meet to discuss it.

Now that you have a summary of past income and expenditures to review, you

can use this together to create your plan for the future. At this point, you must ask yourselves some difficult questions to ensure that you meet your goals.

- * First, which goal is the most important?

- * How much money do you need to finance these goals?

- * How long will it take to reach your goals?

- * How will you achieve this; by increasing income, or reducing expenses?

- * If you cut expenses, which ones will they be?

- * Are you being realistic??

Once you have addressed these questions, you can create a budget. Start by adjusting the prior year's data to account for the differences you anticipate. The next step is putting it into action. Take your one-year plan, and break it down into monthly income, expense and saving goals. It is important that both you and your partner commit to these financial goals. If you can't agree, attempt to compromise, or adjust the timing.

As you progress along the way, compare your budget with actual results, and consider adjusting your plan for major differences. You may have to revise your goals or the timing for their achievement, as well.

Remember, a budget is just a planning tool and an approach to potentially difficult conversations with your business or life partner. I hope you will find budgeting to be helpful, and worth the effort. By working through this, you may be on the way to a more peaceful, secure financial future together. Good Luck!!

If you have questions or comments regarding this column, please direct them to Bainbridge resident Cynthia Hatfield at chatfield@zinner-co.com.