# *Wall Finances*

Have you ever said this: "This business is my baby. And it needs money. I'll do whatever it takes to keep it moving toward the goal."

Then we sign for the line of credit. We put our houses on the line, pledge our stock, drain the kids' college funds. Isn't that what every business owner does? Sign his life away to achieve his dream and get his freedom? Wait a minute. I smell an oxymoron here.

Do I own the business or does it own me? Is it here to help me achieve financial security, or to ruin my family's economic health? In working with business owners, I've seen the damage caused by poor financial practices. I've seen the boundaries between personal and business finances become so fused that economic health fails on both sides of the ledger. Well then, what should you do, you ask?

• **Diversify your personal financial statement.** The greatest wealth is made in private enterprise; so becoming the capitalist to our companies is a good investment. But as the investment delivers dividends, we can funnel some of our capital into other investments. Diversification also gives us greater leverage in that game with lenders. When the biggest number on your list of assets is stock in your own company, lenders see a weak portfolio.

• **Build a firewall between business and personal finances.** Move with extreme caution in using personal assets to rescue the business. Only risk what you're willing to lose.

• **Secure debt with assets on the company's balance sheet.** Achieving that autonomy is a mark of a company's success and maturity. Depreciable assets and money owed to the business don't equal credit- worthiness. And don't kid yourself that vehicles or equipment have any real value on your balance sheet. They're depreciating right this minute.

• **Know your debt strategy.** Develop a concrete strategy for paying off debt as quickly as possible. When one of my businesses gets an extra slug, a portion of it always goes to whittle down debt or save for future obligations.

• **Limit personal debt.** A high level of personal debt ties us to the debt monster.

• **Never believe your own press.** People sometimes believe business owners are richer than we really are. Wealth Builders don't play to their reputations, but are humbled by their exposure. We're responsible for the livelihood of many. We can't afford ego- driven spending.

**Do you own your business or does your business own you?**

• **Don't exploit the business.** Find financial advisors who value the business as an asset. Some maneuvers are designed to sidestep our tax obligations or pad family coffers. You know what I mean. We siphon money to pay grandma as a consultant or buy a beach house for retreats. When we do things like that, we're crippling our best wealth building opportunity...a healthy enterprise.

The Wealth Builder strengthens his position as capitalist to his business with clear boundaries that increase wealth- building potential—on both sides of the ledger.