

A simple way to balance your business



You may be familiar with the book "The Richest Man in Babylon". Although it was originally published in 1926 the solutions that author George S. Clason espoused through his fables are still highly relevant to people who wish to achieve financial abundance today. If you haven't read it yet, grab a copy...it is full of brilliant gems.

One of the lessons it reveals is a technique we will call for this article, 10-70-20. Put simply, the story suggests a solution for managing money successfully by splitting each income payment into three portions:

10%	for the future (savings)
70%	for current expenses (living)
20%	for the past (loans)

This is probably one of the very first financial planning strategies ever developed...and it still works to this day.

But that's talking about money management. What about the other major stress of modern day – time management? Particularly, if you are a business owner.

This clever technique can be applied to time just as successfully, and in doing so will help busy business owners create more "spare" time in which to enjoy the rewards of their hard work.

Working on your business

Most business owners already know that they must spend just as much time working on their business as in it. Numerous books and twice as many conference speakers have promoted this theme, all with their own theories on the best way to achieve the 'correct balance'.

And it is a good rule – every business owner knows how frustrating it is when you are constantly needed to be at the office at the beck and call of your customers and staff. When you do stay away to focus on the business, it takes a brave soul to cut off all communication – like turning the mobile phone OFF – for even just one day every month. But it's essential to do so, otherwise each month rolls past and soon you're halfway through the year and the important task of updating your business plan and budget remain on your ever-growing "To Do List", fuelled by growing angst and stress at the constant reminder.

So what does it take to focus on your business? Well, if we're going to use the age-old method described above – not much. You just need to make the firm commitment to start. By the time you've implemented a new practice for 28 days without break, you've created a habit.

Creating the 10–70–20 habit

Begin by applying this proven technique to your work tasks:

10%	future – planning
70%	present – day-to-day tasks
20%	past – reviewing

Step two is to break down your working week into these percentages, applying hours of the day to each function.

To keep it simple, let's base it on a working week of 10 hours per day, five days per week – total 50 hours of time to get everything done. This would mean:

5 hours – planning	(half day)
35 hours – day-to-day tasks	(three and a half days)
10 hours – reviewing	(1 day)

It looks simple because it is...as most of us know, it's just not always easy. So take a deep breath, find your resolve by going back to that initial firm commitment you made, and keep going.

Draw up your "ideal week" based on this breakdown

Firstly, allocate two hours per day to review operations – what's already happened. Any good business manager knows that if you don't know what's happened in the past you won't know how to improve it in the future. Don't spend this time trying to find the solutions, just review what's happened. (It's easier to do breaking this down into hourly chunks per week, than allocating a full day per week.)

Next, get your diary out and cross off a half day every week and if possible, **stay away from the office – and always turn off your phone.** This is the time to focus on the future – identify solutions to fix problems that might have occurred in the past week (short term) and to plan for the long term (business plan/budget). When you first start using this process, you may need more time in the planning stages (particularly if you haven't updated your business plan and budgets for a while). If you need more than half a day in the beginning, take a full day, or even two. It will all balance out in the ensuing weeks.

Then the rest is your time to work **in** your business. Be totally available to your people and your clients during this time.

What about other aspects of life?

The majority of business owners are so worried about other people's lives they forget about their own. This is never more evident than in planning for their financial future, in particular, superannuation. Many believe that after building up and selling their business, they will have a healthy superannuation balance on which to retire comfortably.

All too often, for a myriad of reasons, businesses don't meet initial expectations and the owner ends up relying on a pension to support their retirement living. Or the worst-case scenario of not being able to afford to retire and continuing to work hard well into their Golden Years.

And this takes us back to the original concept of the 10–70–20 rule.



Unfortunately, 10% of an income won't build into a fat superannuation fund if started too late, so here's where you can deviate a little, remembering that with a good financial plan, your debts should be working for you, not against. If this is the case, you can delve into the 20% kitty (that would have been used to pay off debts) and increase your super contributions to at least 20% of your income, or more.

This still leaves at least 70% of your income for present day living – which includes regular holidays because now that you've allocated time to working on your business every week, you have time for some regular R&R away from the office!

It's not magic

None of this is new – if you can believe George Clason's story, this concept has been around since Roman times – but what can be new is when you make the commitment to make the change, and do it.