

# It's never about the money... until there isn't any

By [Harry Welby-Cooke](#), issued by [ActionCOACH SA Business Coaching](#)

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Building 'wealth' in lieu of 'rich'.



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Money isn't everything and nor should it be. However, building a sustainable and financially secure life is good planning. Strangely, we've found that business owners often prioritise financial security for the business over their own financial needs. The refrain that they don't need to be 'rich' as long as the business is thriving, is oft repeated.

## **There is a difference between 'rich' and 'wealth'**

Whilst 'rich' is defined as the accumulation of money, 'wealth' means having enough money and the time to enjoy it. 'Real wealth' can be defined as the number of days you can live and cover your financial obligations and needs without earning money.

So many business owners don't pay themselves an MRS (market related salary) or receive a ROI (return on their investment) via a portion of the profits. Rather, they tend to live a life of feast or famine with whatever is left over at the end of the month. Some regard their business to be their retirement plan and begin saving or investing and growing their wealth too late.

Considering the amount of blood, sweat and tears that goes into building a business, it doesn't seem right that so many find themselves out of pocket whilst working all hours.

## **In search of wealth – build the business**

So how can business owners go about creating and achieving their own wealth? Sticking to the basics and remembering that building a successful and sustainable business remains first and foremost. The critical success factors in the achievement of this are:

- Focus!  
When in doubt, focus. When not in doubt, focus. And, more importantly, find that one RIGHT thing to focus on – even if that takes a little bit longer.
- Get it done.  
Schedule everything – big, small, and in between. When something is scheduled, experience shows it gets done.
- The gift of time.  
Create the space and time for brainstorming and planning, reflecting and questioning. Although these activities might not feel urgent, they remain critical.
- What do you really want?  
Find out. When something is important to us, it is easier to commit to and distractions will then often fall to the wayside.
- Invest in yourself – holistically.  
We are human beings, not human doings. If we do not invest in our body, mind and spirit we will not be able to sustain our productivity.
- Measure – correctly.  
What are you measuring and how are you measuring it? Use the correct measurement tools and commit to it.
- Bust some myths.

Work-life balance won't exist, at least not initially. There are only so many hours and weeks in a day or month. But it is something that can be created over time ensuring that at the end of each quarter, for example, you have achieved that balance.

### **It's all about the money...**

Yes, customers are essential and the lifeblood of any business. However, avoid the obvious trap of becoming so fixated on the customer that it robs you of the time needed to focus on the finances. Key financial focus areas should include:

- Get your books 100% up to date. If there are any outstanding financial or accounting queries, commit to sorting those out within the next week.
- Schedule and commit to a regular (weekly, fortnightly, monthly) financial review meeting to ensure you are receiving up to date numbers and interpreting them correctly. Diarise these meetings upfront with your key financial advisors.
- Recalculate your break-even target. Things change over time, and sometimes quickly. Far too often, we find that our clients are chasing the wrong targets.

### **From rich to wealth**

The purpose of a business, as we see it, is to: "Profitably create raving fans that generate surplus income for wealth creation."

- Set aside time every week to focus and work on your 'wealth'.
- Pay yourself a market-related salary (MRS). A portion of business profits is not the same thing. Receiving a MRS and a ROI are both essential.
- Determine your net asset value and divide it by your monthly expenses and living costs. That's how many months you can live on your current fortune without any new income sources. Do this quarterly and make it fun by trying to 'beat' yourself each quarter, giving you something concrete to focus on and work towards.
- If you haven't already, get advice on 'tax free saving' opportunities and loyalty programmes and start taking advantage

of both.

The more wealth we create, the more freedom of choice we have. This opens a plethora of different options. It affords us the space and time to focus on our own lives and what is important to us – be it more time with family and friends, new skills, hobbies, helping others or ultimately, leaving a legacy that will continue long after we are gone.

## ABOUT HARRY WELBY-COOKE

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