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THE RETURN OF MURTHY
CAN YESTERDAY'S GENERAL FIGHT THE NEXT WAR?



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AN UNLIKELY BARONESS

Rajshree Pathy leans in on breaking through in one of the most male-dominated industrial sectors

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MANMOHAN SHETTY
IS BACK IN THE GAME
WITH IMAGICA

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Plan for personal needs

When you decide to hang up your boots, it is advisable to have a plan—be it for yourself, family or business



• SRIKANTH BHAGAVAT

If one is spiritual, then the goal is arguably well-known, else the goals are many. This is more applicable to entrepreneurs since their responsibilities and aspirations are manifold. So it is good to start with an aerial view and see the possibilities from a higher level. The broad goals that an entrepreneur should be looking at are:

Individual goals

For an entrepreneur, there is probably no retirement. However, planning for retirement early on is useful for many reasons. It allows you time to accumulate the corpus that is required without straining your cash flows at any point in time. If you are planning to build your retirement nest egg by selling your business, then it becomes even more critical that you have a timeline for it. This timeline could help you derive your business growth and valuation strategies. An acceptance of the fact that you have to retire from your business one day will make you plan for a successor. Grooming a No. 2 takes time. Planning for this in advance will give you the leeway to make mistakes and start all over again, if necessary.

I find that a number of the present generation of entrepreneurs have a genuine desire to serve society. For this too, planning ahead is advisable and one can accumulate a corpus for these activities. Planning for your retirement is among the most complex of exercises as the

process involves a great amount of detail, including the factoring of inflation in living expenses, budgeting for health-care, vacations, life expectancy and for other contingencies.

Unless all this is done, it is not an effective retirement plan.

Business goals

Entrepreneurs often reinvest their entire earnings into their business as working capital. Yes, they have tremendous confidence in their ventures and are willing to put sweat, blood and all their resources into them, but it is not wise to do so from a risk point of view.

A failure in business can then leave the entrepreneur without a security net. Hence, my advice to the entrepreneurs I work with is that they should maintain a balance. Whatever is required to be accumulated for the needs of the family should not get diverted into the business.

Reserves must be created by apportioning some of your business earnings for opportunities which may include the chance to acquire another business or a large order that requires additional working capital or even a planned expansion of facilities.

These funds may be invested in conservative-to-moderate risk investments. A reserve should be maintained for fire-fighting. About three to six months' expenses can be placed in liquid funds as reserves to face untoward times.

Family goals

Just as one would diligently pay off business loans to banks, one has to do the same for the family. This includes saving money for children, for their education and marriage. One cannot be too confident that when the need arises one will be able to take money from the business. A monthly investment plan will help you build a healthy corpus for family needs. Just as you would insure all the equipment at your workplace, insure yourself with a long-term insurance which includes any outside liabilities, if any.

Role of time

Time is the overarching factor to be respected in planning. The longer you keep money invested, more is the accumulation and growth. Hence, for large amounts, it is wise to start early. Risks should be attempted only when there is adequate time on hand. So, volatile investments such as equities are advised for investment only when you have about five years at hand, leaving time for natural market cycles to play out. When you have shorter time horizons, bond investments are advisable since they are predictable and stable. For very short durations and high liquidity needs, money market funds are advised as stable and tax-efficient investment options. ■

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