

Take Charge of the Family Business

Home Economics

by Angele McQuade

When headlines scream about financial calamity, and the future stability of Wall Street is far from clear, hunkering down at home seems awfully attractive. But what happens when your family finances are just as messy as those in the headlines? Where are all those generous bailouts when you need them for yourself?

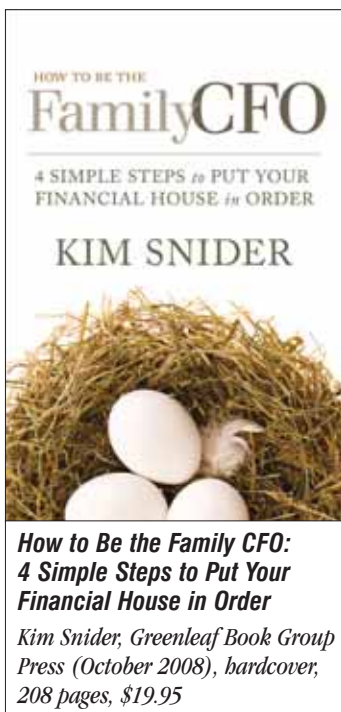
Even if you've been too nervous to seize financial responsibility before, chances are you already know that the most sustainable bailout for your family is the one you fund yourself. As much as we all might like to gripe about corporate malfeasance and government overspending, financial stability truly begins at home.

But before you start thinking you have to earn a CPA certificate to stay on top of finances, reflect on Kim Snider's experience. Though she's host of a financial radio show in Dallas and founder of an investment advisory firm, she once blew through a substantial nest egg by thrusting it into the care of a broker. "I didn't understand what he was doing," she says. "Frankly, I didn't even try to understand. After all, he was supposed to be the expert. Whatever he suggested, I agreed to." Two years into that fiduciary relationship, she was broke.

Determined not to repeat that costly fiasco, Snider set out to work her way back to financial success. What she learned was to treat her finances as if they were a business; this epiphany forms the basis of her first book, *How to Be the Family CFO: 4 Simple Steps to Put Your Financial House in Order*.

The four steps are pretty straightforward: Plan prudently, save prodigiously, invest wisely and manage risk. If there's one task Snider emphasizes, it's the importance of creating an action plan for your family, even if you're the sole member.

"The purpose of any business is to make money for its owners," she says. "The purpose of You, Inc. — that is, your personal finances — is not much different. In both cases, active hands-on, day-to-day involvement by management is required. Having a high-level objective, specific goals, a plan for attaining those goals and detailed information from which you can monitor, track, budget and plan will move you miles ahead on the path to financial freedom."



Along these lines, Snider recommends "starting with a vision, a plan for achieving the vision and a set of personal financial statements." Create the same documents for your family that you would if you were running a business: at minimum an income statement to track income, spending and savings, plus a balance sheet to show assets, debts and net worth. Snider includes samples of both.

A central theme in the book is discipline. Though some may think it's the longest four-letter word around, Snider believes discipline promotes the health of your future finances.

Accumulating a hefty cash reserve helps, too, as does creating a stream of passive income, such as money generated by investments or rental property. And don't forget the importance of recognizing what you can control (the amount of money you can save, for instance) as well as what you can't (the return on your investments).

Bonuses in the book include a short reading list and financial software recommendations. Snider even includes something I've never noticed in a financial book before: an appendix of various disclaimers.

I did note one serious drawback to this otherwise compelling book: the author's multiple references to her proprietary Snider Investment Method. Each time she mentioned it, I expected to run across a detailed description. Twenty-three chapters and no real explanation later, however, I can only assume she's saving that for another book — or else she's hoping readers will search online for more information.

Either way, this definitely dulled some of the initial shine I'd taken to *How to Be the Family CFO*. Let me be clear: I'm recommending only this book, not anything else Snider might be selling.

It took financial catastrophe to get the author on a more sustainable path. Snider encourages readers to discover their own path by looking deep inside. "What is the one thing you secretly want to do if you had enough money and enough courage? That one thing is your money's higher purpose," she says. "Your financial goals are probably not only about the money; they're about the joys in life that financial security can bring."

That sure sounds to me like a return on investment even a fledgling family CFO could appreciate. **B**