

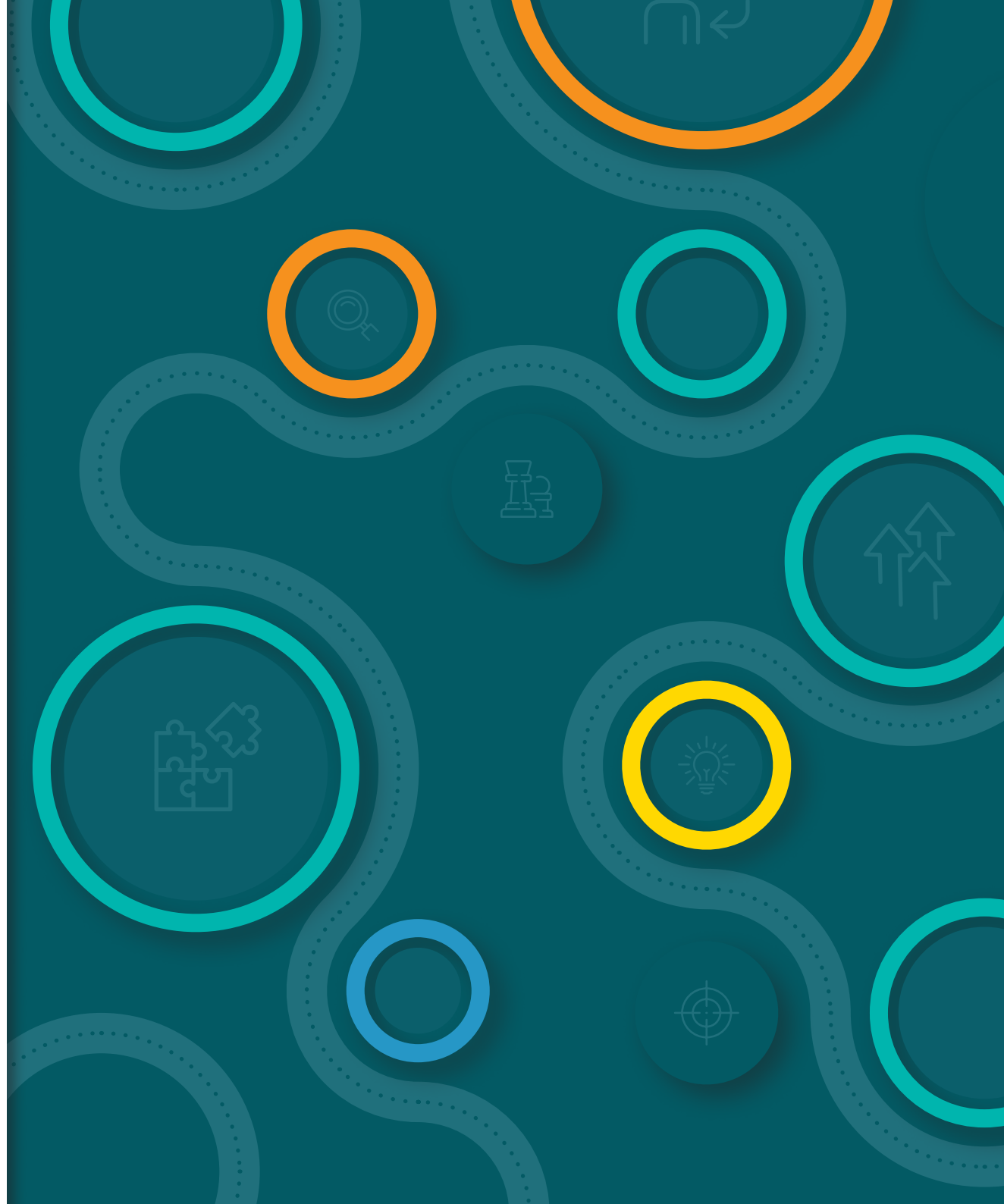
# The Macalvins Pathways

## “The Entrepreneur”

From the moment you start your career which may include making the decision to start a business, you're on the life wealth pathway. This will see your journey from a start, through to the growth and mature phases.

Along the way you will have a unique set of financial obstacles to deal with and overcome. You will have to be flexible in your thinking and adapt your strategy as you move along.

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## STAGE 1: Seed and Development

In the early career stage, you are starting to build a foundation for a strong financial future. Now is the time to establish good habits of saving and investing. Focusing on long term growth in your assets faster than inflation is vital. Planning to start a family, saving to purchase a home and paying down university debt are common challenges. At this stage keeping income in step with expenses can be a struggle, but it is important to lay the groundwork for retirement saving now.

For your business this is the very beginning of the business lifecycle, before your start-up is even officially in existence. You've got your business idea and you are ready to take the plunge. But first you must assess just how viable your start-up is likely to be.

At this stage, you take advice on developing a business plan and business funding. Ultimately the success of your business will come down to many factors – including your own abilities, the readiness of the market you wish to enter and, of course, the financial foundation in place.

## STAGE 2: Business Start-up

Many believe this is the riskiest stage of the entire business lifecycle. In fact, it is believed that mistakes made at this stage impact the company years down the line, and are the primary reason why 25% of start-ups do not reach their fifth birthday.

Adaptability is key here, and much of your time in this stage will be spent tweaking your products or services based on the initial feedback of your first customers. The right accounting software and help with financial reports will help you to understand your costs, sales and with the help of business advisory services ensure that your cash flow position stays stable.



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## STAGE 3: Growth and Establishment

Earnings rise, but so do financial demands. Your financial life becomes more complex as you balance children, mortgages, career moves and funding retirement. Your own university loans may be paid off, but now you face paying for your children's education. Properly managing debt in this stage can play a big role in securing your retirement.

For your business, cash flow should start to improve as recurring revenues help to cover ongoing expenses, and you should be looking forward to seeing your profits improve slowly and steadily.

The biggest challenge for entrepreneurs in this stage is dividing time between a whole new range of demands requiring your attention— managing increasing levels of revenue, attending to customers, dealing with the competition, accommodating an expanding workforce, etc.

Hiring smart business advisors with the right skill sets is necessary to make the most of your company's potential during this phase.

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## STAGE 4: Expansion

In this stage one typically reaches their maximum income level. The life expenses of earlier stages may be abating, providing an opportunity to clean your balance sheet, with the goal of entering retirement with as little debt as possible. Low debt creates greater financial flexibility and security. This may also be a time to catch up in your savings for retirement. Maintaining broad diversification in taxable and tax deferred portfolios builds a stable foundation for retirement.

Businesses in this stage often see rapid growth in both revenue and cash flow as the blueprint has now been established, but be warned about getting too comfortable. In business, if you are not moving forward you are moving backwards, and without a constant, almost nervous itch or desire to expand, complacency can set in, and you might get caught off guard.

Look at your resources, be realistic about the effort and cost and potential returns, and always keep an expert eye on how expansion might impact the current quality of service you provide your existing customers.

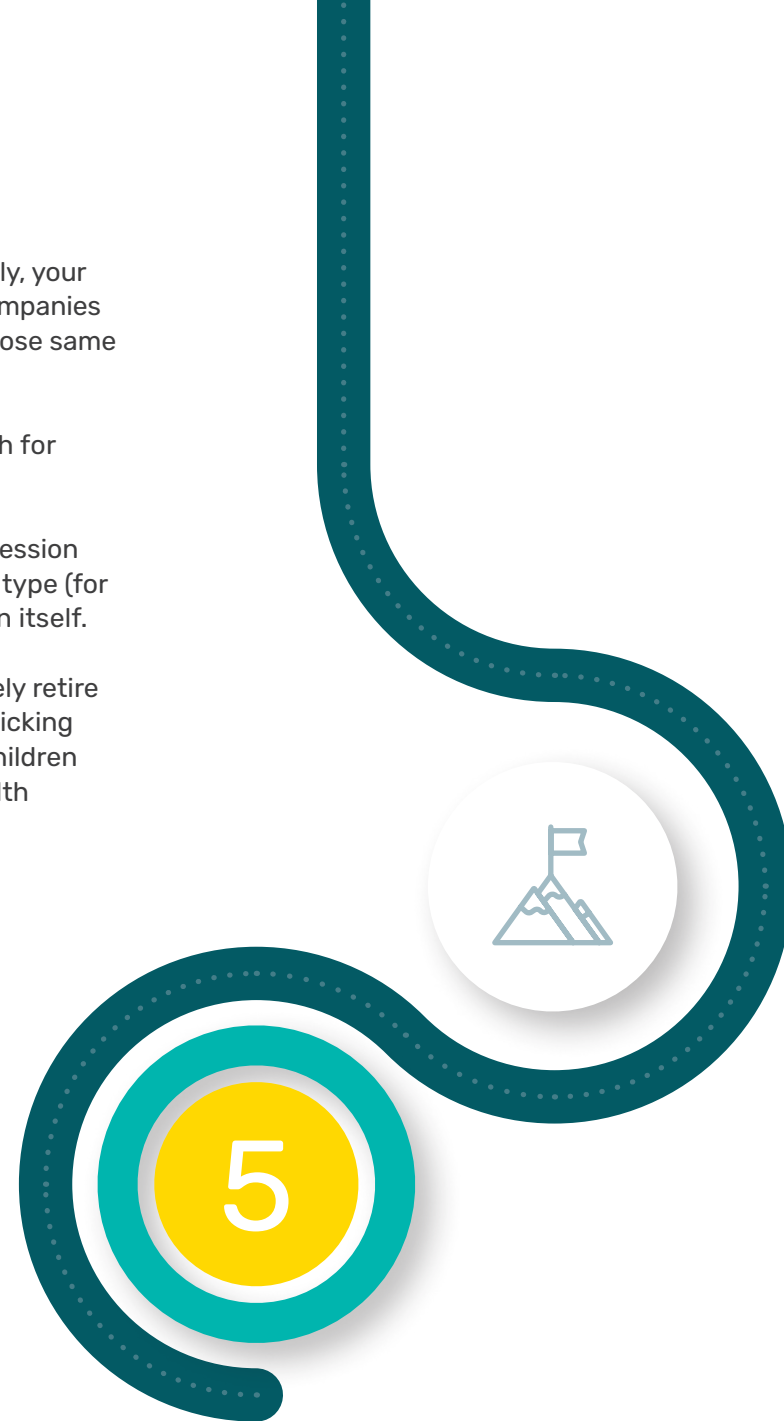
## STAGE 5: Maturity and Possible Exit

Having navigated the expansion stage of the business lifecycle successfully, your company should now be seeing stable profits year-on-year. While some companies continue to grow the top line at a decent pace, others struggle to enjoy those same high growth rates.

It could be said that entrepreneurs here are faced with two choices: push for further expansion, or exit the business.

Many at this stage also look to move on through a sale. This could be succession planning or a partial or full sale, and of course depending on the company type (for example, public or private), the negotiation may be a whole new journey in itself.

Retirement is now within view, but what form will it take? Do you completely retire from work, or begin something new? Is a new career or vocation calling? Ticking the bucket list, moving to a warmer climate or relocating closer to grandchildren may become of interest. Your investment focus is about to shift from wealth accumulation to distribution, but don't become too conservative with your portfolio. Decades of life expectancy will require decades of asset growth above inflation. When is the optimal time to draw your pension and how do you manage your different streams of income throughout retirement? Managing market risk, especially early in retirement, can help you control longevity risk – the risk of running out of money that we all face.







## NAVIGATING THE LIFECYCLE

Not everyone will experience every stage of the lifecycle, and those that do may not necessarily experience them in chronological order. For example, some business owners may see astronomical growth right after start-up, and the founders may decide to cash out right away, jumping straight to that “exit” stage.

For many, though, there will be some sort of resemblance to the stages defined above, and awareness may help you anticipate what is coming next and how you can best prepare yourself. Making the right decisions at each stage is another thing altogether, however, and that will require your usual mix of gut instinct and practical sense.

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**Contact us today to receive specialist  
help and advice at every stage.**

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