

SYSTEMIZE YOUR SUCCESS:

◀◀ A GUIDE ▶▶

••••• TO •••••

FINANCIAL *INDEPENDENCE*



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LINKS

Access To Online Video Training

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Schedule Your Strategy Call

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Activity:

Wants vs. Needs Self-Assessment

The goal of this activity is to help you assess your past purchasing behavior, with an eye toward evaluating future purchases based on whether the items are “needs” or “wants.” Breaking down purchases this way may help you change your behavioral patterns.

Activity: Wants vs. Needs Self-Assessment

Take a few minutes to envision your living room (or look around if you are completing this activity at home). Do you see mostly needs or wants? Take inventory and use the following worksheet to assess your spending habits.

Enter the description of each item in the room. Check whether the item is a “need” or a “want” and enter the approximate cost of the item. Then decide whether you would reconsider purchasing the item now, and why or why not?

1. Item Name or Description _____ Need or Want

Would I reconsider my purchase now? Why or why not?

Estimated Cost

\$ _____

2. Item Name or Description _____ Need or Want

Would I reconsider my purchase now? Why or why not?

Estimated Cost

\$ _____

3. Item Name or Description _____ Need or Want

Would I reconsider my purchase now? Why or why not?

Estimated Cost

\$ _____

4. Item Name or Description _____ Need or Want

Would I reconsider my purchase now? Why or why not?

Estimated Cost

\$ _____

Activity: Wants vs. Needs Self-Assessment

5. Item Name or Description _____ Need or Want

Would I reconsider my purchase now? Why or why not?

Estimated Cost

\$ _____

6. Item Name or Description _____ Need or Want

Would I reconsider my purchase now? Why or why not?

Estimated Cost

\$ _____

7. Item Name or Description _____ Need or Want

Would I reconsider my purchase now? Why or why not?

Estimated Cost

\$ _____

8. Item Name or Description _____ Need or Want

Would I reconsider my purchase now? Why or why not?

Estimated Cost

\$ _____

9. Item Name or Description _____ Need or Want

Would I reconsider my purchase now? Why or why not?

Estimated Cost

\$ _____



Activity: Wants vs. Needs Self-Assessment

The goal of this activity is to help you consider your next purchase. Whenever you get ready to make a purchase, you should always ask yourself, “Is this a need or a want?” “Do I really need this?” Over time, you will notice that your purchasing pattern will change. You may even start feeling guilty when you get ready to spend money on something you know you don’t need. Even the most amazing sale doesn’t justify buying more of something you didn’t need in the first place. That money could go toward your savings and other goals instead. If you break down all your expenses between needs and wants, you will quickly realize that not only could you save a lot more, but you also may not need as much as you’ve forecast for a future situation – like when you finish your advanced degree or retire.

Now, nobody expects you to stop spending money on all your wants. Life is supposed to be fun, too! All you have to do is evaluate and prioritize each purchase.

The want for daily, premium coffee is very important to you? That’s fine! Maybe pack your lunch each day instead of grabbing a meal at the food court.

Want coffee AND a hot lunch? Okay! Maybe reevaluate whether buying the premium car you’ve been eyeing is the best choice.

Once you distinguish between your needs and your wants, you will start being more selective about where you spend your money.

Good money management is all about choices. Some wants will be more important to you than others, and the decision will be different for each of us.



Activity: Create Your Debt Payoff Plan

This activity guides you to develop your own individual plan to pay off your current debts.

Activity: Create Your Debt Payoff Plan

Make a list of all your current debts. Include the debtor name, type of debt (i.e. student loan, vehicle loan, mortgage, credit card), the amount you owe, the debt's interest rate, and the current minimum monthly payment.

Decide on the repayment strategy with which you feel most comfortable: Avalanche (paying down the debt with the highest interest rate first) or Snowball (paying down the debt with the smallest balance first). Keep in mind that Avalanche is the preferred and recommended method because it saves you the most money.

Select the debt you plan to pay off first (highest interest rate or smallest balance, depending on the strategy you chose). Calculate how much extra payment you could add. While you're fighting the first debt, it'll feel difficult, because you will need to shave some money off your budget elsewhere to make the additional payment. But once you pay off the first debt, things will start to move faster.

Calculate the number of payments left on the debt you have chosen to attack first. You can use an online loan repayment calculator to get an exact number, or you can roughly estimate the number by dividing the amount you owe by the total payment you intend to make (minimum PLUS additional). Your estimate will be off by a few months because it does not account for interest payments, but it is easy to estimate if you don't have online access at the moment.

Example:

Debtor Name	Type of Loan	Amount Owed	Amount Rate	Minimum Payment Amount	Additional Payment Amount	# of payments left at maximum payments	Notes
Dept of Education	Student	\$20,167	6.8%	\$177			
ABC Financial	Mortgage	\$267,000	4.9%	\$1,417			
Visa #1	Credit card	\$567	27%	\$20	\$120	4	
MasterCard	Credit card	\$2,245	24%	\$32			

Activity: Create Your Debt Payoff Plan

Once you finish your first debt, apply the full payment of your previous debt (minimum PLUS additional payment) to the next debt:

Debtor Name	Type of Loan	Amount Owed	Amount Rate	Minimum Payment Amount	Additional Payment Amount	# of payments left at maximum payments	Notes
Dept of Education	Student	\$20,167	6.8%	\$177			
ABC Financial	Mortgage	\$267,000	4.9%	\$1,417			
Visa #1	Credit card	\$0	27%	\$20	\$120	4	
MasterCard	Credit card	\$2,245	24%	\$32	\$140	13	

Complete your debt payoff plan:

Strategy

Avalanche: Pay off highest interest debt first.

Snowball: Pay off lowest balance debt first.





Activity:

Goal-setting Worksheet

This activity guides you through the process of setting financial goals toward achieving your desired lifestyle. It may take more than one session to complete the worksheet, so make this a consistent work in progress.

Keep in mind that accomplishing goals sometimes requires sacrifices. Whether it's as small as cutting out sodas or as large as working weekends, identify the investment you're willing to make to achieve your goals.

Although this course focuses on personal finances, we also suggest that you write goals for other areas of your personal life. The guidelines work for all goals.

Activity: Goal-setting Worksheet

Setting goals may sound mundane or juvenile. But taking that simple action can make a tremendous impact on all areas of your life. People who set goals live more fulfilled lives and stand a better chance of attaining financial security.

The best way to get what you want is to make a plan to achieve it. Depending on the size of your goal, setting up an action plan can take time and effort. But you are investing that time now – in the planning stages – so you can refer back to your goal(s) over time, track your progress, and eventually reap the reward of seeing your dream become reality.

If you have a goal that ultimately will take years to achieve, life will sometimes get in the way. You may need to alter your plans to accommodate life changes; but with a thorough plan for reaching your goal, reviewing how these changes alter your path becomes easier. In turn, you will be poised to adapt more quickly while remaining on course toward the goal.

Goal-setting Framework

For your initial goal-setting exercise, start small. What's a goal you can accomplish in the next four weeks? Save \$500? Exercise three times a week? Hold a quality family night once a week?

Write down your goal to complete in four weeks:

Regardless of the size of the goal, follow the guidelines by double-checking that your goals are:

Specific

Example: I will save \$500 for a plane ticket to attend my grandmother's birthday celebration.

Activity: Goal-setting Worksheet

Measurable

Example: I will save \$125 out of each weekly paycheck.

Motivational

Example: I will be delighted to see grandma and grandpa. I haven't seen them in years.

Attainable

Example: I know I have the spare funds. I'm just wasting the money elsewhere.

Results-oriented

Example: When I walk in the door, it will feel so good to surprise the whole family.

Time-driven

Example: I will complete this goal in 4 weeks.

Activity: Goal-setting Worksheet

Now let's take your original goal and place it into this framework:

I will [Specific_Goal_You_Will_Work_Toward]. I will track my goal's progress by [Measurement_of_Goal_Progress]. I am motivated to accomplish this goal because [Reasons_It_Will_Benefit_You]. I know I can do this, because [How_Your_Goal_Is_Attainable]. When I finally [Your_Finish_Line], I will feel [How_You_Will_Feel_When_Completed]. I will start by [Date_You_Will_Start] and complete by [Date_You_Will_Complete].

Example: I will save \$500 for a plane ticket to attend my grandmother's birthday celebration. I will track my progress by moving \$125 a week into my savings account as my paycheck becomes available. I am motivated to accomplish this goal because I haven't seen my grandparents in years and I miss them. I know I can do this, because I feel like I spend a lot on frivolous purchases that I could divert to savings. When I finally walk in my grandparents' door, I will give my grandparents the biggest, happiest hug. I will start by the first of October and my goal will be completed within four weeks.

Activity: Goal-setting Worksheet

Breaking it Down into Action Steps

Now that you have a solid goal to work with, break it down further into action steps that follow a similar structure. What behaviors, decisions, or actions will contribute to (or distract from) achieving your goal?

Quantify these action steps as best you can. For example, buying your lunch every day at work is easily quantifiable. Not having enough energy to pick up an extra shift at work may be quantifiable in the sense that you are “giving up” extra pay, but the lack of energy is more difficult to quantify and may need further exploration to develop into its own goal (i.e. getting more sleep).

Examples:

- I buy a coffee every day before work. I will make my own coffee at home.
- I don't really wear a lot of the clothes that I receive from the clothing subscription service, yet I still keep them. I will cancel this service before I incur the next charge.
- I will pick up at least 1 extra shift every 2 weeks.
- I eat out a lot, while I throw out a lot of groceries that have gone bad at home. I will only eat out once this month and restrict my grocery bill to \$75 each week.

As you can see, a goal needs to be fully explored. We explore the goal thoroughly by assigning it specific, measurable, motivational, attainable, results-oriented, and time-driven attributes; and then further breaking the goal into small, manageable action steps – each of which contributes toward reaching the ultimate goal.

Activity: Goal-setting Worksheet

The Big One

But what if your goal is big, one that will take a span of years or decades to complete? You will probably need to set up several – if not many – smaller goals and define their actions; which may also have their own smaller goals and actions. But don't be intimidated; the same tools you just used to complete the four-week goal are applicable here too. The key point to understand is that even the largest aim can be broken down into smaller, more manageable goals. Some problems may seem monolithic, insurmountable, or bring up a general sense of dread about the future. These larger goals can be systematically broken down, and then they will seem much less imposing.

Let's take a mortgage as an example. Let's set it up into our framework:

Specific: Pay off my mortgage.

Measurable: I can track additional payments and the amortization schedule as I work toward early mortgage payoff.

Motivational: At that time in the future, I want to use a portion of the equity in my paid-off home as collateral to finance a second home to give to my son.

Attainable: This effort will require additional income and some sacrifices, but it is possible.

Results-oriented: Yes, there is an "end" to the mortgage, given enough effort and money.

Time-driven: I will pay off the mortgage by the time I reach age 50; around the same time my son finishes college.

Great! Now our example is within the framework that defines an effective goal. But this goal is still far too big to break down into actionable steps. Therefore, we need to create a second tier of supporting goals that collectively feed into the master goal:

Sub-goal 1: Figure out the financial specifics behind my mortgage to see if any savings is available.

Sub-goal 2: Increase my disposable income.

Sub-goal 3: Reduce expenses.

These are clearly components that could help us reach our ultimate goal, but they are still not actionable – that is, they're not ready to be put into action. Let's go one step further for just one of these example sub-goals:

Activity: Goal-setting Worksheet

Sub-goal 1:

Figure out the financial specifics behind my mortgage to see if any savings is available.

Considering actionable ideas for accomplishing Sub-goal 1, you might come up with the following goals as placed within our framework:

I will take a personal finance class on mortgages to increase my knowledge of mortgage terms and how financing works. I will track my progress by completion of the class. I am motivated to accomplish this goal because it will help me understand and negotiate options for my own mortgage, getting me closer to my big goal of mortgage payoff. I know I can do this, because I heard about a mortgage class offered through my credit union. When I finish the class, I will feel more knowledgeable and prepared to possibly renegotiate my mortgage terms. I will start no later than the first of October and complete the class within four weeks.

and

I will input my current mortgage details into an Excel spreadsheet and take stock of all my assets and debt. I will track my progress by calculating reductions in debt each month. I am motivated to accomplish this goal because it will illustrate how newly-negotiated mortgage terms may benefit me toward paying off the mortgage. I know I can do this, because I have the knowledge I gained from the class and all the information I need about the details. When I have all my financial details organized, I will feel great knowing I am on track toward my larger goal. I will start within one week of completing the class and will finish in two days.

and

I will meet with my current bank/credit union and two other banks to discuss refinancing my mortgage. I will track my goal's progress by scheduling the appointments and attending three meetings. I am motivated to accomplish this goal in order to learn the potential benefits of a refinance. I know I can do this, because I have time and motivation to call and make the appointments. When I have met with all three banks, I will feel excited about the possibilities of refinancing. I will start within 10 days after completing my Excel spreadsheet, and finish the meetings by the end of December.

You must continue to break down large goals until you feel that they paint an actionable path for you to follow. For some people, breaking the goal down into year-by-year objectives is sufficient. For others, it is best to condense it down into monthly, or even weekly goals. Your personality and the complexity of the goal determines how granular your goals must be for you to feel comfortable.

Activity: Goal-setting Worksheet

Organizational Tools

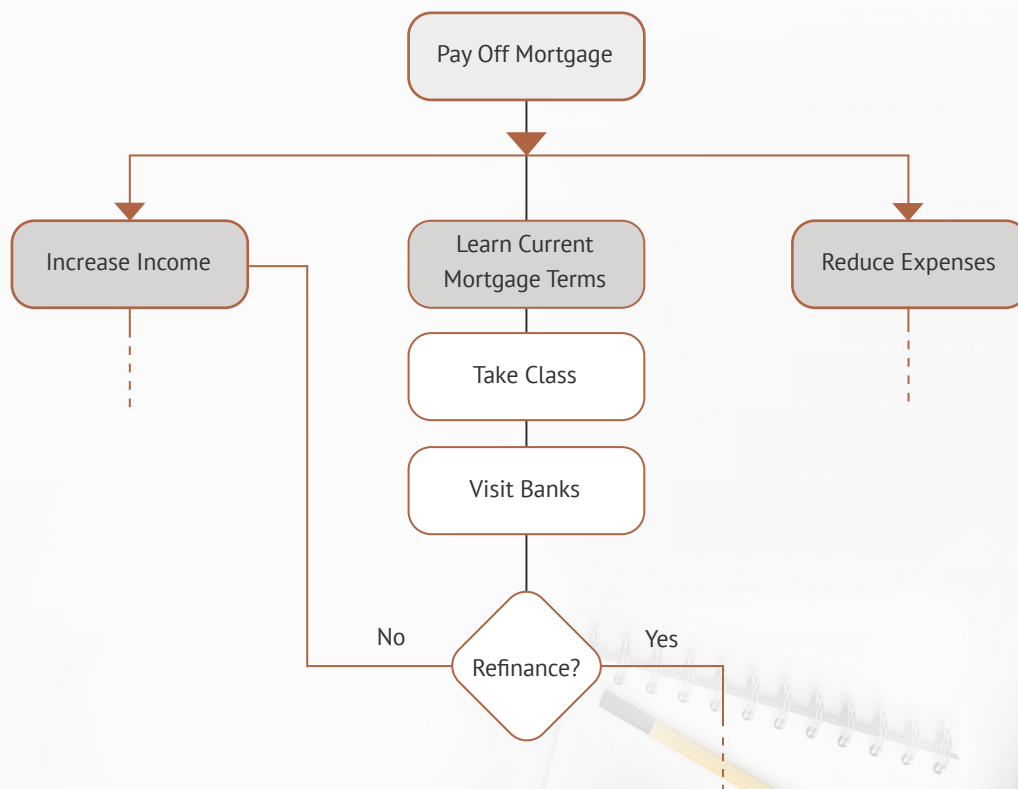
As you saw in our example, big goals can be complex. You probably will not finish your master plan in a single sitting. And for goals that span many years, you will need to make adjustments along the way.

Here's a few ideas to keep complex ideas organized and well-documented. Some people excel in certain areas of planning, yet tend to omit detailed information in others. Use a combination of tools in the format(s) you prefer to meet your personal planning needs.

Flow Charts

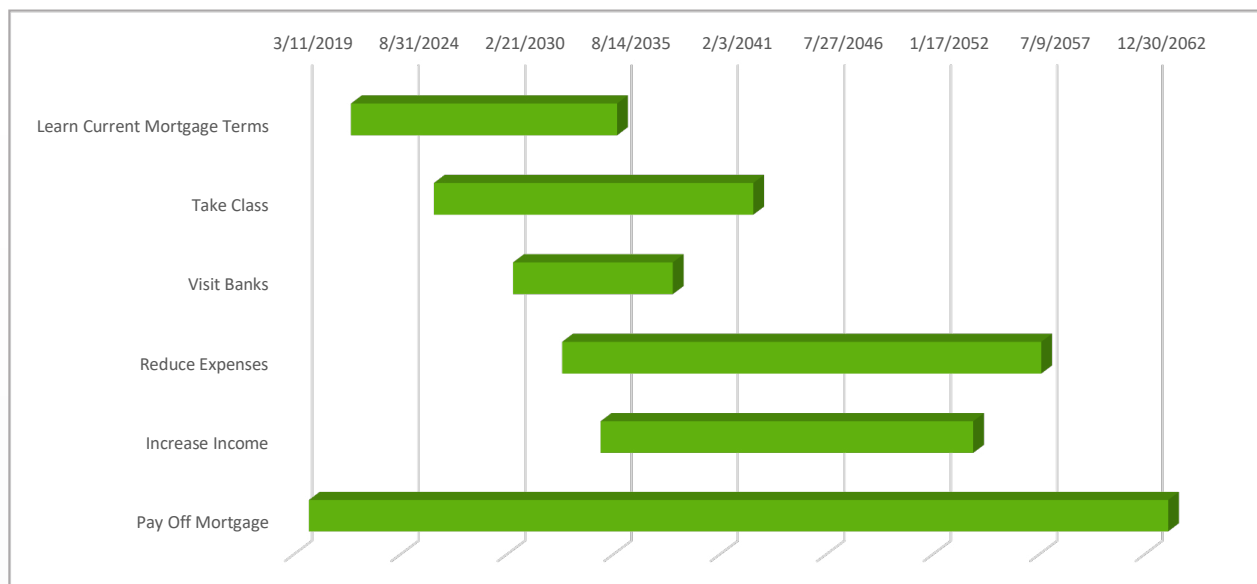
Flow charts are methods to visually depict complex relationships. There's even an entire "language" built around flow charts in which different shapes and lines have different meanings. However, don't worry yourself with such complexities if they feel intimidating. The key concepts you can leverage with a flow chart are:

1. Showing process relationships between goals. For example, "This comes before that," or "These two things must be completed before starting on this."
2. Indicating a decision-making tree. "If this does not work, then do that," or "If the answer was 'No' to that, then do this."



Gantt Charts

A Gantt chart is a type of bar graph that illustrates a project schedule. Tasks to be performed are listed on the vertical axis, and time intervals on the horizontal axis. The width of the horizontal bars indicate the duration of each activity. These charts illustrate start and finish dates of the terminal elements and summary elements of the task, constituting a work breakdown schedule of the project. Gantt charts can be created using project management software such as Microsoft Project. Like flow charts, they may be useful for organizing the breakdown of goals, sub-goals, and action steps.



Activity: Goal-setting Worksheet

Excel

Microsoft Excel offers a powerful, user-friendly solution for organizing your finances and goals. You can manage time, deadlines, projects, and money using Excel spreadsheets with formulas set to update with every entry you make. The software also provides data analysis functions. Excel even has spreadsheet templates to make worksheet creation easier, including a money management template, budget template, and checkbook register template.

	A	B	C
1	Pay Off Mortgage		
2	1/1/2111		
3		<i>Learn Current Mortgage Terms</i>	
4		1/1/2109	
5			Take Class
6			1/1/2108
7			
8			Visit Banks
9			6/1/2108
10			
11			Refinance
12			12/1/2108

The tools you use and the details they convey are entirely up to you. The important thing is to use tools that help you break down a complex goal into manageable sub-goals and their own actionable items to help you stay on track, evaluate your progress, and make adjustments to the plan as needed. Laying out all your action steps along a reasonable timeline is the optimal method to cleanly organize your goal-setting processes and get on the path toward actually achieving your goals.



Activity:

Automate Your Accounts

This activity walks you through the steps for setting up your automated bill payment and financial tracking systems. Having automated systems in place can save you time and money, help protect your credit, and assist you to stay on track toward your goals.

Activity: Automate Your Accounts

Complete each of the following steps below to automate your accounts. For each step, either mark it “Complete” when you have finished, or set a target date for completion.

1. Set Up Direct Deposit – Contact your employer to get the paperwork you need to have your paycheck directly deposited into your checking account. Contact your financial institution for assistance filling out the form.

Completed Scheduled for Completion; Date _____

2. Set Up Automated Bill Payment – Collect all your monthly bills. Once you’ve gathered them, connect your bank account to the business or the business to your bank account. Then set up the date when each bill payment is to be mailed/withdrawn. Ensure that bills are properly scheduled. You do not want a bill to auto-withdraw before your paycheck funds are available. Monitor your bill payments closely the first few months to ensure that nothing is missed and all your bills are paid on time.

Completed Scheduled for Completion; Date _____

3. Set Up Automatic Transfers to Savings – Most financial institutions allow you to automatically transfer money from your checking to your savings. Simply contact your financial institution to learn how you can set this up, or use the online banking feature. Most institutions require just a few clicks or a few short forms completed in person with a teller.

Completed Scheduled for Completion; Date _____

4. Personal Financial Money Management Program – A personal money management system pulls all your financial accounts into one place. Mint.com is a popular option. Add your checking, savings, investment accounts, credit cards, loans, and any other accounts to this program to view all your financial records in one location. Consider categorizing all your expenses to get a quick overview of how your money is spent each month. It may take some time to get everything tracked and organized, but viewing all your financial transactions in one spot is incredibly valuable once it’s set up correctly.

Completed Scheduled for Completion; Date _____



Activity: Automate Your Accounts

5. Personal Account Management System – Create financial management systems you personally follow. For example, you might check that your bills are paid on the 5th of each month and review your investments at the end of each month. Create a schedule and system that works for you to maximize the benefits.

Completed

Scheduled for Completion; Date _____

6. Filing and Records System – Create a filing and records system to store your information. Include a file system for hard documents as well as a computerized organizational system for storing electronic documents. Simple file folders in a cabinet is popular for hard records, while creating a separate personal finance folder is a great way to organize electronic documents. Although your financial institution may store previous records for some time – usually up to 18 months – it is important for you to maintain your own records. What if you need a statement from 24 months ago, and your financial institution only keeps them for 18 months?

Completed

Scheduled for Completion; Date _____





Activity:

Team Member Assessment

This activity involves assessing where you currently stand in the process of building your trusted team of financial advisors, and developing a plan for completing that process based on your current and projected needs.

Activity: Team Member Assessment

Fill in each of the tables below by entering the information for all the members you already have on your financial advisement team. For each team member you have not yet selected, evaluate your current needs and your expected needs over the next five years, to determine whether you should begin working toward adding those members to your team to achieve your financial goals.

Financial Foundation Team Members

Financial Institution Contact

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

Financial Mentor (Coach, consultant)

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

Tax Preparer / Consultant

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

Insurance Specialist / Company (auto, home, life etc.)

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Specialized & Advanced Team Members

Attorney

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

Real Estate Agent

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

Mortgage Broker

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

Financial Advisor

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

Financial Consultant

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

Specialized Investments Advisor

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

College Planner

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

Other Specialized Team Member

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

Other Specialized Team Member

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		



Activity: Team Member Assessment

Other Specialized Team Member

Have This Team Member?	Yes	No
Direct Contact or General Customer Service?		
Trust Level (1-10):		
Company:		
Contact Name:		
Contact Email:		
Contact Phone:		
My Account Info:		
Notes:		





Activity:

Assessing Your Qualification Potential

This activity guides you to honestly evaluate where you currently stand in terms of ability to qualify for a loan. You will assess your potential for loan qualification based on the 'five Cs' presented above: character, capacity, capital, collateral, and conditions.

Activity: Assessing Your Qualification Potential

Fill out each section below to assess your current status in terms of the 'five Cs' for loan qualification.

Character

Your credit record and payment history.

	Excellent	Good	Fair	Poor
Credit Score				
Credit History				
Income Stability				

Capacity

Your ability to pay off the loan.

Income	Above Average	Average	Below Average	None
Debt to Income Ratio	<20%	20 – 30%	31 – 40%	>40%

Capital

The amount you have to pay up-front toward the loan; i.e. your down payment.

Down Payment Percentage	>25 %	25 – 15%	14 – 5%	<5%
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Collateral

The asset you offer as security against the loan; for example, a home, vehicle, or savings account.

Value of Collateral Relative to Loan Amount

If your loan is secured with collateral, what percentage of the total loan amount does your collateral cover? (In other words, if you defaulted on the loan, how much of your loan would the value of the collateral pay off?)

_____ %

Activity: Assessing Your Qualification Potential

Conditions

The terms of your loan, including the principal, interest rate, repayment term, and payment amount.

I have an accurate budget in place and can afford the payment on the loan.

The monthly payment will not consume the majority of my available budget (remaining disposable income after all other expenses are accounted for).



Activity:

Housing Budget

This activity leads you through the budgeting process for home ownership. You will first calculate your housing expense to income ratio, and then determine the potential costs of all the expenses involved with owning a home.

Activity: Housing Budget

Follow the instructions below to calculate your housing expense to income ratio. Then complete the budget table by entering a low estimate and a high estimate of the cost of each line item.

When considering a home purchase, there are three primary areas to include in your budget: the initial cost of buying, the ongoing cost of ownership, and the selling expenses.

Housing Expense to Income Ratio

Your housing expense ratio is calculated by taking the sum of all your monthly housing costs and dividing that by your monthly gross (before taxes) income.

For homeowners, housing expenses include all monthly payments associated with your home – principal payment, interest payment, property taxes, insurance, and any association dues. These expenses do not include maintenance, repairs, or insurance deductibles.

Calculation 1: Housing Expense Ratio

You can perform this calculation very easily with a calculator by following these steps:

Write down or type into Notepad on your computer the following numbers:

- Total of all housing expenses for the past month
- Your gross income – income before taxes during the same month

Then, on a calculator:

1. Enter your expense number into the calculator
2. Click the divide “÷” or “/” button
3. Enter your gross income number into the calculator
4. Click the equal “=” button

The number that is displayed is your housing expense ratio. The lower the number, the better your ratio. Here are some examples:

According to mortgage guidelines, a Federal Housing Authority (FHA) loan qualification requires

You have \$1,500 total housing expenses. You have \$6,000 gross income.

$$\frac{1500}{6000} = 0.25 ; \text{ A good housing expense ratio}$$

You have \$2,500 total housing expenses. You have \$6,000 gross income.

$$\frac{2500}{6000} = 0.42 ; \text{ A critically high housing expense ratio.}$$

Activity: Housing Budget

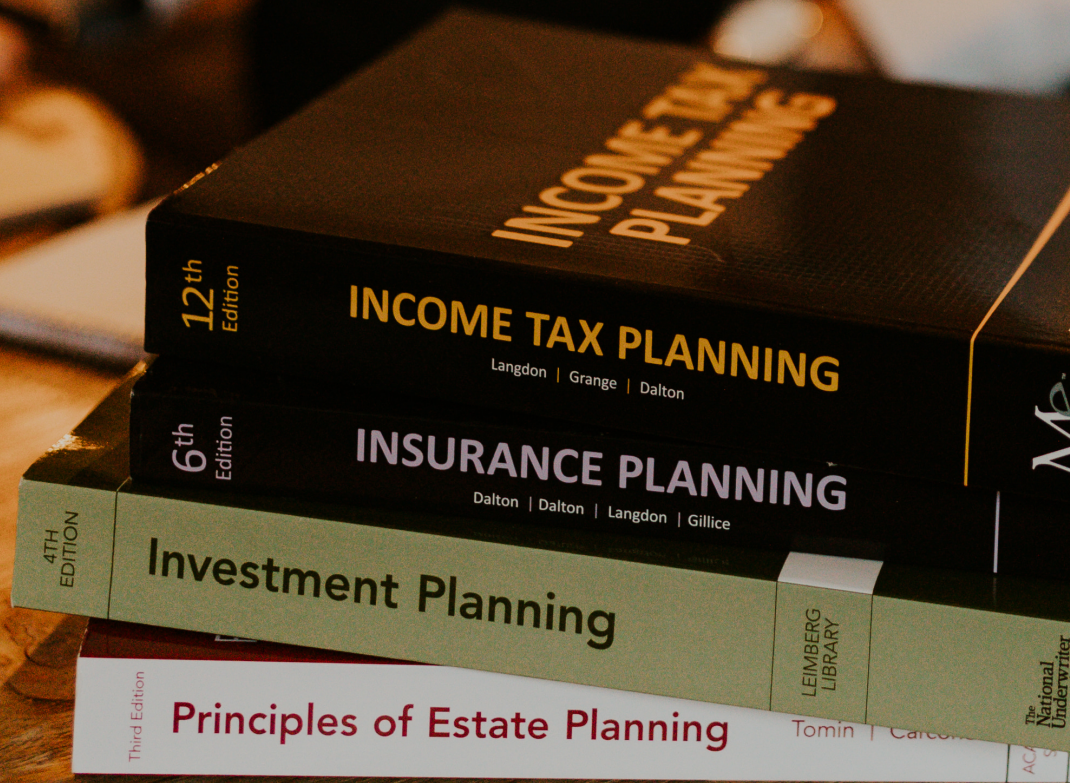
a housing expense ratio not to exceed 31%, and a conventional loan requires the ratio not to exceed 28% (<https://www.investopedia.com/terms/f/front-endratio.asp>). Knowing these guidelines can help you assess your expenses and income.

Expense Category	Budget Item	Low Estimate	High Estimate
Purchase Costs	Down payment		
	Loan cost		
	Initial mortgage payment		
	Escrow (taxes and insurance)		
	Initial repairs		
	Moving expenses		
Ownership Costs	Monthly mortgage payment		
	PMI		
	Property taxes		
	Insurance		
	Association dues		
	Maintenance		
Selling Costs	Closing costs		
	Repairs to sell		
	Moving expenses		



New Money Millionaire

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Business Growth Reflection

5-Step Guide

5-Step Business Growth Reflection

This *5-Step Business Growth Reflection* is a powerful tool and resource. It helps us to understand your company, your team, and, most importantly, your customers.

This assessment is divided into two main categories:

You'll find a series of questions

Part 1: The current reality of your business and your future vision

Part 2: The deep dive into your existing and desired business.

Each category allows you and us to co-create the magic that your business deserves so that you can make more money and an even bigger difference.

"Wow, this is LONG! ..." you might think.

Yes, the *5-Step Business Growth Reflection* is a lengthy process that requires time, effort, and research on your part – but for very good reason, and in the end, you'll see that the time and effort that you put into it will be worth it. It'll take approximately two to three hours to complete. Most of our clients say that by the time they complete the *5-Step Business Growth Reflection* they see their business from a whole new perspective – with intense clarity and massive potential – and they experience a renewed sense of motivation and relentless drive.

As you're working through this assessment, if you find yourself not being able to answer some of the questions with full clarity, you may start to doubt yourself, your motivations, and your purpose and may not think that you have what it takes to run a business. Do not worry!

Many questions tend to arise during the process of completing this assessment, and I highly suggest that you skip over the parts that you get stuck on and move to the parts that seem simple at the time. Clarity *will come* as you work through the questions.

If you find yourself spinning your wheels, please don't hesitate to reach out to the Kala Capital team or the New Money Millionaire community.

If you wish to discuss this worksheet on a coaching call, please write in this document and upload a copy to your Right Capital Vault.

PART 1: Reality Now/Future Vision

What does your company do? (e.g., We help _____ do _____.)

Why do you do what you do when there are a million other things that you could be doing?

What's your company's superpower (e.g., What do you do best and way better than others?)

It's one year from today's date and you are popping champagne. What (very specifically) are you celebrating?

Why did you choose to make this your goal?

What is your BIG vision for your business?

What is your BIG vision for your personal life?

Are there any obstacles that are standing in the way?

Welcome, "Big Harry." Do you have a big, hairy, audacious idea that you haven't brought to life to help grow your business because you think it's scary, way too big, or others have told you that it's crazy?

What obstacles are standing in the way of bringing your vision to life?

Who else in your industry does what you do as well as you do?

What do they do better?

What do they do differently?

Are there any predictions that you have for your industry that we need to take into consideration?

Are there any scary monsters under the bed that are keeping you up at night? (Bad press, bad reputation, crippling debt, team member issues, anything you fear that hasn't happened yet, but you know will happen?)

Who are the key players on your team, family, life and what are their roles?

What resources and tools do you use for (if any):

- Email communications:
- Lead generation/lead capture:
- Website platform:
- Client Relationship Management System:
- Customer Experience Management System:
- Documented internal systems:
- Team communication + collaboration:

PART 2:

STEP 1 | IDEAL CLIENT

Every great business starts and lives by ideal clients (or customers). At this point, your prospects don't even know you exist. It's critical to understand the demographics and psychographics of your ideal customers. We learn where they hang out (online and offline) and with whom. We figure out the emotional states of your customers, unpacking their needs, desires, and the stories that they tell themselves about themselves, the world, and what they deserve. Essentially, we walk a day in their shoes ... and in their mind.

Let's think about your ideal customer ...

Describe your existing customers if you have any.

Who are they?

What's his/her name?

What's he/she wearing?

Demographics

Age:

Sex:

Education level:

Income level:

Marital status:

Occupation:

Religion:

Average family size:

Psychographics

How does [name] feel about day-to-day life?

What are their hopes and dreams in life?

What motivates them to do what they do?

If they had all the money in the world, what would they do?

What are they most worried and frustrated about?

What makes them happy/the happiest?

What is their biggest fear?

How do they feel about your industry?

What story do they tell themselves about why they need what you offer/don't need what you offer?

A day in the life ...

Walk in their shoes. Imagine that you are your ideal customer for a whole day. You get to live, breathe, and be in their day-to-day joys, hopes, and celebrations. You get to be with their family, and meet their friends and members of the organizations they belong to.

How do they feel in the morning?

What is the first thing they do in the morning?

Do they work? (stay-at-home mom/dad is a job, too)

Do they drive, walk, or take public transportation to work or do they work from home?
They work from home and conduct most business via zoom or a phone call.

What's the first thing they do at work?

What do they do/where do they go for lunch?

At work, who are the people they interact with the most?

What's the first thing they do after they leave work?

What's the first thing they do when they come home?

Between coming home and going to sleep, where do they go/what do they do?

How do they spend their time on the weekends?

Tribe map – TAKE OUT and do it with someone ...Don't just give your best answers, actually interview your ideal customer or an existing client.

Now we need to understand more about who they hang out with, where and why.

Where do they hang out and with whom?

If someone was to invite them for dinner on a Friday night, whom would it be?

What is the last book they read?

Where do they get their daily dose of information from? (e.g., podcast, newspaper, digital sites)

What social media do they use/how much?

Whom do they follow?

Where do they buy their clothes?

What organizations/affiliations do they belong to? (e.g., sports, college, university, politics)

Are those the same type of people that you want as new leads?

STEP 2 | PRODUCT & PROBLEM

Offering a great product is key to the satisfaction of your ideal client and you. Every great product solves a problem, fills a void, and helps your client become the hero of their life. At the end of the day, you get to be proud of what you do, how you do it and why you do it.

If you are starting fresh, what feels good to offer to your ideal client?

Describe the products and problems that you solve ...

What do you sell? (by division, offering, region, store, etc.)

What problem does it solve?

For what purpose do they keep that problem around?

What's the cost of your product/service?

What do you want it to cost?

What do you want to sell more of?

Where do your leads come from? What's the breakdown?

How do most people find you now?

What does it cost to acquire a new customer?

What is your Customer Lifetime Value?

What stories do your customers tell themselves about what you offer?

What do they believe about this problem?

How do they feel before this problem is solved?

How do they feel afterward?

Take three of your most recent testimonials; what do people say about the product you offer?

STEP 3 | REPUTATION & STREET CRED

Your prospective customers want to like, trust and respect you. When you appear on their radar, they begin actively searching to learn more. They Google. They read online reviews. They visit your website and stalk your social media. They text friends to ask about you. If you have a physical location, they stop in and look around.

It might last a split second or (depending on lots of factors) it could last weeks or months. Your customer is comparing you to all their other choices, which includes all your competitors...or doing nothing at all.

If you are starting fresh, write in the desired state all the answers you can't fill in right now. Start with: In a desired state, I would be _____

Reflection on your digital presence ...

What's the URL of your website?

How many monthly visitors do you have?

Do you offer any specials, promotions, ways to get in touch with you on the website?

Is there a way to sample/test your product/offer free of charge before purchasing?

How many website visits result in conversions?

Do you have a profile with online reviews? (Google +, Yelp, Foursquare, etc.)

How much business does it generate?

What's your process to address both good and bad reviews?

What are your social media URLs?

Instagram:

Facebook:

LinkedIn:

Youtube:

Yelp:

Etc. ...

For what purpose do you use these social media accounts?

Who's responsible for your social media strategy?

What else is this person responsible for?

What kind of results does it generate for your customers?

Describe your physical location ...

If you have a store or an office, what's the physical location address?

Is there designated or free parking?

How do most people learn about your store/business location?

Do your customers need to book an appointment before coming?

Once people know you exist, how long does it take them to purchase your product?

Let's think about events ...

Do you host any events for lead generation?

What are the typical results you generate?

STEP 4 | SALES & MARKETING

The key in this phase is to build a relationship that shows a high level of care for your clients. It's an art form and a special place of magic where you can create superfans who will be delighted with their purchase and rave about it to their friends.

Describe your current sales process ...

What about your current sales process is working great and what could be better?

Who's responsible for improving sales strategy and the sales process?

Who's responsible for setting sales goals?

What are your goals for the next 12 months?

Who's the first person your customer sees or hears when they call your business or visit?

What kind of sales/product training have you received and how often?

How long does it take to make a sale? Deliver the service?

What happens to people who don't buy from you?

What does your follow-up process look like to check if the product worked well for the customer?

How do you delight your customer during/after the sale?

How are first-time customers rewarded?

How are raving fans celebrated?

How do you solicit feedback and testimonials?

If you ship products, can you tell me more about this process?

STEP 5 | RETENTION & REFERRAL

Champion your customers to become loyal, raving fans. Post about you on social media, leave positive reviews, and, most importantly, refer their friends/ family. They feel like part of your tribe, and they actively recruit people to join. They trust, like, and respect you and how your brand makes them feel, and they love the acknowledgment of being a part of something they believe in.

Describe your retention and referral process ...

If you already have customers, what percentage of them refer more customers to you?

How are the referrals celebrated, rewarded, and recognized?

Do you host any customer appreciation events?

How do you revive customers that haven't bought from you in more than a year?

Congratulations!

You did it. And you now most likely have a much better understanding of your business.

Summary Exercise | Distilled Clarity

By the end of this activity, you should have a renewed understanding of your business and elevated sense of clarity. Distill what you discovered about your business into a list of pain points you help solve, principles your avatar should know and the factors that contribute to your client's success, to assist you in creating a compelling framework that sells. Naming your tribe and your process to getting results will increase perceived value, build community, and ultimately help create raving fans.

Name your tribe? What do you call your consumers? What would they like to be called?

Example: Click funnels: Funnel Hackers. Kala Capital: New Money Millionaires. Green Bay Packers: Cheese Heads

List 10 Key pain points you help solve for your clients/ customers.

1.
2.
3.
4.
5.
6.
7.
8.
9.
10.

List 10 Key principles your avatar should know if they are seeking a desired outcome.

1.
2.
3.
4.
5.
6.
7.
8.
9.
10.

What are 5 factors that lead to the success of your clients' desires?

1.
2.
3.
4.
5.

Develop a Statement of purpose (used internally only, private): If I can make (target market) believe that the only way to get (desire) is by (method) and the only way to get (desire) is through my (product/service) then all objections become irrelevant, and they must invest.

Marketing statement to be used on published material (public): I help _____ achieve _____ without _____ by _____.

Roadblock Statement: The truth is you don't need _____ to get _____. All you need is _____.