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HW ASSOCIATES:

Leadership *focus*

ADDRESSING THE NEEDS OF INDIVIDUAL ATHLETES AND PLANTING THE SEEDS FOR A SECURE FUTURE ON AND OFF THE FIELD.

Many professional athletes surround themselves with individuals who “have their back”. Athletes create an entourage and rely upon the advice of those around them to maintain their security and privacy while increasing their brand. Yet, in the areas of personal and professional finance, many athletes are often lacking in the management skills to manage their own brand and the personnel they hire to ensure their financial and personal success.

Management: Still searching for your money?

The NFL, NBA, and other major sports leagues are rife with stories of athletes that have lost their income after leaving their sport. Yet, very seldom is there publicity for the athlete that trusts the people around them to manage their funds. They do not end up on page 6 of the New York Times or TMZ. Rather, the issue of poor financial management is swept under the rug. Athletes are left hanging out to dry without their money. Some athletes are still searching for their lost funds.

In 2010, Shawne Merriman won a lawsuit against Christian Laettner, former NBA athlete and partner in BD Ventures. Merriman loaned \$4M to BD Ventures as an investment. The note was due in 2009; BD Ventures did not have the funds to repay Merriman. The court

awarded Merriman the \$4M owed. Whether Merriman knew how to research and operate a business is critical to the moral of the story. Laettner evidently is still lacking in business and financial skills; as is Merriman. Both struggle with their finances in one form or another based upon their personal and professional behaviors.

Lacking financial knowledge means that you will struggle on the road of life until you gain the necessary financial and leadership skills. Athlete or business owner; the struggles will be there. Managing a large salary takes skill; especially if you rely upon others to do it for you.

Smart athletes consistently look to develop their skills in all areas of their lives; not just in their sport. A smart

athlete knows how to manage his or her brand and those around them.

Financial Management: Not Just for your entourage.

The most critical aspect of financial management is “responsibility”. This means that athletes need to be the leaders of their brand; they need to basically know the ins and outs of the financial aspect of their brand. This includes being able to have an intelligent conversation about their profit/loss statements.

Financial management is a key element of the leadership focus. Understanding the nuances of the financial arena does not take an MBA or a degree in accounting. Rather, it is about knowing what the numbers really mean.





The art of finances and why it matters.

If you read the newspapers or watch the television news; you have probably learned about all the wonderful people who have learned to “cook their books”. This is very true in the professional athlete’s financial management arena. Financial advisors transfer funds from one account to another in order to make a “sale” while they increase their personal financial bottom line. Oh, did I mention that the athlete loses money on the sale? Or that many times financial managers do not have the authorization to transfer funds? They hide the complexities of the transaction fee in methods of near-incomprehensible financial statements. As long as there are liars and thieves on this earth, some of them will probably find a way to commit fraud and theft. Others find legal ways to “cook the books”.

The fact is that accounting is a scientific art. Many people who look at a financial statement and see the bottom line numbers from the accountant it must accurately represent the financial picture to a “T”. Yet is it?

Athletes should be able to read their financial statement and ask relevant questions that deserve appropriate answers. In reality many athletes may not understand the nuances of the financial arena – again relying upon others to maintain their portfolio.

The benefits of financial literacy. Having a sound understanding of financial literacy has many applications in an athlete’s personal and professional life. They include:

Increased ability to critically evaluate your financial brand. Do you know where your money slept last night? Was it under your broker’s pillow; your banker’s vault; or was it comfortably situated on your financial ledger? Knowing where your money goes and every penny out the door will decrease the possibility of your overspending during the course of your career.

Can you analyze your return on investment (ROI) for specific purchases? Suppose you are presented with two options for a purchase. You can purchase an office building that would provide you with continued revenue and an increase in value over your lifetime or you can purchase a \$2.5M car? The car sure sounds fun, looks sexy, and will get you a lot of dates from the groupies. The building is boring, tall, and only has a lot of rooms and offices. Which would you buy? You can only afford one. You are not allowed to leverage your future earnings because in reality you never know when your career will end. How would you personally determine the value and your ROI for these purchases? Now translate this question to a company that you work for. How would you analyze the company’s acquisition ROI?

Are you able to read your balance sheet?

The balance sheet reflects the assets, liabilities, and owners’ equity at a specific point in time. Basically on a specific day it tells what you owe, what you own, and how much you are worth – assets must always equal liabilities. A financially savvy athlete knows that all the financial statements flow to the balance sheet.

Many athletes develop this understanding a little too late after losing most of their money or coming close to financial ruin. Earning \$25M a year through endorsements and your sport does not mean that you will be earning that money or more next year. Living the highlife has its price; why not practice smarter living and create a solid plan?

Roadblocks to financial savvy.

Afraid of math or simply hate numbers? Have a learning disability? Well, join the club. There are millions of financially savvy people who have a learning disability or hate math. So have no fear! Adding \$1,000,000.00 is simply six more zeros on the end of the \$1.00. Most of all calculators are cheap – as low as the \$1.00 mentioned. You do not need to be a rocket scientist to be financially savvy.

Another possibility is that your financial manager does not want to “worry you” about your finances. Get real! Whose money is it anyway? Your financial manager may not believe that you understand the numbers – surprise him or her!! Learn to talk the talk.

A third possibility is that you may not have time to learn the information. The life of an athlete centers on their sport. Yet, each athlete has enough time to eat, sleep, workout, socialize and travel. Why not utilize your travel time to study and learn – it is about priorities and choice. Learn now and hold on to your money later!!



Profit is an estimate.

Within an athlete's financial brand is the issue of profit. Are you looking for ways to increase your profitability on and off the field? A profitable athlete can chart his or her own course. When an athlete loses the ability to be profitable a bunch of nousey folks can begin poking their noses into your finances in an effort to find out *WHY* your bottom line has dropped. This opens the athlete to scrutiny.

The question is this "do you have a long term financial plan"? Laurence J. Peter, of *The Peter Principle*, states that if we don't know where we are going we will most likely end up somewhere else (broke?). If you don't know how to create wealth and profitability outside of the game; there is a possibility of that once you leave the game you will end up broke. It is about the art of making profits while demonstrating an accurate bottom-line. Most athletes ARE the product and your profits will be turned into cash if you manage your brand appropriately.

Decoding the Income Statement

The income statement has many titles. They include "Profit and loss statement"; "P&L Statement"; "Statement of Earnings"; or "Earnings Statement". With all of these titles there is the possibility that you may want to head for the hills before you even attempt to decipher what is before you!!

In any income statement you will have actual revenues, costs, and profits during that time period. Or

you may view the Proforma or the guesses of what your income will be. It is a pie in the sky estimate of what will be assuming that you will earn the same amount of money and have the same assets. This is often what is done by financial managers as they forecast the stock or mutual fund overall performance.

Revenues equal all the money that is coming into your brand from various sources. It can be the value to you of the pistachio commercial; your sports salary; and your contract for off season work through your non-profit. Expenses are the cost of doing that business or task. For example, driving to a charity event may be considered an expense under your non-profit so long as it directly affects your non-profit. It becomes a tax write off. On a side note, all athletes that operate a non-profit should be drawing a salary from said non-profit (contact us for more information).

Expenses equal the cost of doing business for your brand. For example the wages of the people who manage your Facebook account; the cost of the piece of paper that the executive director of your non-profit uses for work product; or the cost of producing a widget in your widget factory.

Understanding your finances and having a financial plan is so much more important than just playing your sport. Creating a leadership brand that boosts both your career and your finances is critical to your success in all areas of your life.

Helen Horvath, CEO, HW

Associates shares these tips:

First, think "leadership," not "status." Many professional athletes think that by paying a large, multi-million dollar firm to manage their brand they benefit. As an athlete you think that you deserve to pay someone else top dollars to manage

your finances or careers. You may think you are getting the best of the best; possibly, yet, most likely not the best choice. Large firms have many people concentrated on numerous accounts. They have a died in the wool method of dealing with athletes and their brand. Some firms refuse to think outside of the box. Most importantly large firms cost, huge money. Think about where your money is going.

Financial Leadership, like other forms of leadership is a process. It is about understanding what others do in your brand as you establish vision, direction, create financial and professional alignment, and build commitment in others. It is how others who work for you perceive your behavior and actions in the financial arena.

Second, understand your financial brand. Most athletes have a reputation for spending, savings, or somewhere in the middle. The athlete that consistently goes out and drinks and parties will have the reputation of a partier. Financial management is about being financially responsible. This means that if you grew up in the poor neighborhoods of Chicago, Los Angeles, Miami, New York or even middle America you most likely know what it is like not to have two pennies to rub together. Now you have more money than you ever thought you would have over a lifetime. Making that money last over a lifetime will take skills; the very skills that you will need to operate a business or non-profit away from your sport.

Third, take control. You are in charge of your financial leadership brand, so invest in your learning and development as your brand manager. Your league will only tell you so much in order to maintain your financial effectiveness. It is about your personal choices that you make today that will affect your future tomorrow.

It takes more than a huddle to create success! It takes planning!

Reach for your success. You are the master of your universe.

Creating a plan for financial success is clear and simple. It is about taking personal responsibility for our lives and successes. It involves educating yourself in all the areas that affect your life. You do not have to be a subject matter expert; yet, one kernel of understanding will lead to a lifetime of continued learning. Curiosity is a wonderful thing.

Finally, live your financial leadership brand.

Your team or employees needs you to be as effective as you can be. But investing in yourself as a leader instead of just a follower brings benefits to you as well. It can improve your job satisfaction and open the door to new opportunities, both now and in the future. Living your brand will help you effectively create and execute plans for the future away from sports.

"Experienced managers and seasoned professionals tell us they wish they had developed fundamental leadership skills much earlier in their careers," says Horvath. "Today, with the shifting, unpredictable economic and employment landscape, creating and living your financial leadership brand is more important than ever."

HW Associates' professional athlete leadership and management program (LAMP®) is a powerful, online and face to face course. It is designed to increase your ability to grow your brand through the development of self understanding and awareness while developing higher level

leadership and management skills based upon the five core executive competencies.

What have you done to create a positive financial leadership brand?

Are you ready to light your way on the road to success? LAMP® - lighting your road to success. Contact us for more information at info@hwassociates.us.



Figure 1: LAMP - LIGHTING YOUR ROAD TO SUCCESS!!!



Winning in life takes planning. Where will you be in 10 years? Developing economy of motion.

HW Associates provides strategic management consultations, evaluations, executive coaching, and training for professional athletes and corporate America. Why run from place to place creating synergy for your life when you can develop economy of motion? Create smarter living.

Many athletes often lack the necessary financial and leadership skills away from their sport to manage their professional and financial lives. They have individuals who are hired to manage their non-profits and business concerns without understanding the financial aspect of their business or brand.

Often athletes invest in business without fully investigating the financial background of the business. Many times the athlete does not understand the industry they are stepping into and what it takes to be a success in the field.

Smarter living is about developing a financial plan so that when the athlete retires or are suddenly left without a team, they will have a life

after sports.

Economy of motion is about developing and executing that plan while taking the steps needed to understand that nuances of the finances of the plan. It is about developing that plan that will sustain you beyond your next ten years of life. You will have arrived in five without taking short cuts or detours.

Smarter living involves exercising responsibility for our lives and discipline. It involves the ability to create and sustain financial solvency during and after the athlete's career. It is the creation of a life plan that enhances one's leadership brand off the field.

Exercising economy of

motion leads to a higher sense of self worth and self esteem. It leads to the improvement of the athlete's financial leadership brand and overall perception of competency away from the athlete's sport. Economy of motion leads to smarter living and a better quality of life as you continue to fly toward success.

Are you experiencing smarter living?

SMARTER LIVING: Trust vs. Empowerment



Smarter living the creation of a financial landscape that takes the professional athlete beyond their sport. It is about learning the information that athletes need to be successful off the field.

Trust is a firm reliance on the integrity, ability, or character of a person or thing.

Empowerment involves our ability to experience conscious raising in various topics or skills. It allows us to develop confidence in our capabilities that we previously lacked. It is the ability to understand and promote our personal and professional brand.

Empower yourself today!!!

To learn more about developing economy of motion; contact HW Associates for our training schedules and one on one coaching sessions. Experience Smarter Living through economy of motion at HW Associates.

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