

A FINANCIAL SURVIVAL PLAN

In wilderness survival, experts teach the S.T.O.P. system – **Stop, Think, Observe, Plan.**

Turns out that's a pretty good way to survive in the financial wilderness, too.

Since the economy began to melt down last fall, Modesto accountant Clive Grimbleby, Managing Partner at Grimbleby Coleman Certified Public Accountants, Inc., has been dispensing that advice a lot.

"We ask people to stop and try to de-emotionalize the decisions they're making," he said. "You want to think – 'Do I have a plan? What should I be doing?' – and not just react emotionally."

Here's an example. A client recently told Grimbleby he wasn't going to put money into his Individual Retirement Account this year.

"His thinking was, 'What's the point, I know it'll just go down,'" Grimbleby said. "He didn't know he could buy a CD within his IRA and keep his investment safe. He was making a decision not to fund his retirement when the real decision was where to invest his money."

Grimbleby started his accounting practice in 1982 after buying the business from his father, Roy. Jeff Coleman joined the firm and became partner, followed by Sue Hudgens and Martin Fox. How the British-born Grimbleby got to Modesto in the first place is a better story.

"My parents immigrated when I was two and settled in Los Angeles," he said. "I grew up there until my dad bought an accounting practice in Modesto and mid-semester my junior year of high school we moved to Sonora."

The culture shock was extreme. Grimbleby went from watching first-run movies at Grauman's Chinese Theatre on Hollywood Boulevard to Sonora's Washington Street in the 1970s.

"I think the movie theater then held 40 people or something," he said. "But it was fun. I met my wife while I was there in high school."

He would go on to California State University, Sacramento and follow his dad into the accounting field.

The STOP System

After stopping and setting aside fear, the next step is to think.

"The basic fundamentals of business are still there," Grimbleby explained. "The basic questions still apply: Who are we selling to? Are our cost structures right?"

For business owners, this step means doing a thorough business analysis – something some business owners may never have done.

Grimbleby-Coleman partners Martin Fox and Clive Grimbleby provide business advisory services.



"You have to understand the fundamentals of the business," said Martin Fox, head of the firm's business advisory services. "What's your breakeven point? What affect will raising or lowering prices have?"

To answer those questions, a business owner needs the right information – and then to observe it carefully.

"Your information system has to give you the data," he said. "You need to know what makes you the most money. If you make widgets, which widget generates the most profit?"

If a business owner doesn't have that answer, or their information system isn't capable of giving that answer, it's time to call in expert advice.

Another aspect of observing is paying attention to the marketplace around you, because not all the news is bad.

"We have a few clients looking for new opportunities," Grimbleby said. "Opportunities are out there."

The last step in the S.T.O.P. system is to plan – take the information you now have and plot the way forward. If your analysis showed you that Widget 1 is your most profitable product, your plan determines what you do with that information. Try to sell more of that widget? Redesign Widget 2 to make it cheaper to manufacture? A combination of both – or something else entirely?

"There are lots of plans," Fox said. "But what you've really got to do is find a way to implement that plan. You've got to execute it."

Maybe that adds a "silent E" to the S.T.O.P. system – but it still gets you out of the woods.