

The Secret to Solving Financial Problems

From personal to corporate, learn how to get out of financial pitfalls — for good.

Are you having trouble with your personal finances? Or perhaps your business is on the brink of a financial crisis? After decades as a CPA, Chief Financial Officer, and financial counselor, my cumulative and concentrated wisdom in solving financial woes is this: *create no new problems*. I have seen this simple principle guide people and companies out of terrible financial difficulties. And I have used it myself to help our management team survive financial crisis long enough to turn the company around.

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Financial problems are usually made up of many smaller problems that eventually add up to one big problem. They accumulate over time. Quite simply, they are based in the decision-making process of where you spend your income. Though most of us have complete control over these decisions, it seems that the critical and urgent problems - the proverbial “squeaky wheel” - get addressed first. This is definitely the WRONG APPROACH!

You may solve one individual problem, but a new one is almost always created to take its place. Over time, your total problem gets out of hand. This wrong approach is like a snowball rolling down a hill. Something needs to be done to level out the slope — but what? The right approach to financial problem solving is to draw a line and say, “After today, no new problems!” It is all a matter of where you focus your attention. The only way to level the slope is to pay attention to the strategies that keep you from creating new problems.

In the financial arena, the line you draw is when you develop a “zero based budget” (ZBB). The ZBB comes to a break-even bottom line, which means you are creating no new debt. Since all your debt repayment is a part of your ZBB, your debts get paid over time and you eventually break into the fresh air of financial independence. Over time, you will control your financial destiny.

But be aware that you will be forced to make choices, some of them rather difficult. In your business, you may need to cut your overhead or find financing for that new marketing program to increase your income. Personally, you may be forced to cut the money spent on clothing, entertainment, or eating out. You may need a part-time job for a while to increase your income. You did not get into trouble by having good habits, so you won't get out of the crisis without changing something.

The only way to solve a financial problem is to grab the reins of the wagon you're on, which is headed over a cliff, and say, “I am going to control where this wagon is going. I am going to gain control over my expenses and make them less than my income.” If you are tired of living on the slippery slope of ever-increasing pressures caused by your finances, change where you focus your attention. Base all your financial decisions on a budget that you have created — and stick to it! It may take some time, but the day will eventually come when your finances are problem-free.

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