

4 WAYS TO PAY OFF DEBT FASTER

Better Biz Info

A Profit First Professional Firm



1 **Avoid Getting Into Debt**

The best way to pay off debt is to never get into it in the first place. Going into debt should be a last resource in both your business and your life, and should be done only after much consideration and research. As Mike Michalowicz has said, "If you can't pay your bills, you can't afford your bills!" Don't take out loans just because you can. Use your entrepreneurial mind to find innovative ways to do business!

2 **Use the Boxing Method**

Pay minimum balances due out of your operating account every month as regular bills. If you have extra in your operating account each month, use it to pay off more. Each quarter, if you have a profit payout (see #5), take 95% of it to slam your debts! It's called the boxing method because you give small punches on a regular basis, then hit your debt with a huge uppercut! Continue with this routine until all your debt is destroyed.

3 **Leveraging Your Human Behavior: Paying Off Smallest Loans First**

While logic dictates you should pay your highest interest rate debt first, we as Profit First Professionals leverage your human behavior, which is to celebrate "early successes". When we see early progress in our management of money, we become more committed to the process, even if the progress is very small. In regards to debt, that means paying off your smallest debt first, while continuing to pay the minimum balance due on all others. Once the smallest debt is paid off, target the next smallest and add the amount you were paying for the first debt to the second. This creates a snowball effect that will wipe out your debts more effectively and make you feel better about it in the process.

4 **Maximize Your Cash Flow System**

Knowing where your money is going is a vital first step for any success in business. If you know where you are spending your money, you can identify where you can make cuts. We teach the Profit First system, in which you allocate your incoming revenue into separate accounts (Profit, Tax, Owner's Comp, etc.) and the remainder leftover is what you can spend for operating expenses. This forces you to cut down on unnecessary expenses, and still save money for profit (which will come in handy every quarter for your uppercut payment on debt from #2). Once you've cut down on expenses, you can free up money to pay off your debts faster.

Want help paying off your debt or implementing Profit First?

SCHEDULE A FREE CONSULTATION

info@betterbizinfo.com – (816) 500-5779 – betterbizinfo.com