How To Manage Debt

Good debt is debt you own and control internally. Borrow funds from your own resources, develop highly effective, focused marketing plans to leverage the benefits of the borrowed funds, then pay yourself back. Use any profits to systematically create budgets for inventory management, employee salaries, marketing and investment cash reserves.

Good debt gives you the authority to keep your own council and the right to make choices as free of outside influences as possible. In other words, the company is designed to meet the needs and expectations of its customers while also paying its own expenses, providing salaries for its employees and profits for its owners.

Bad debt is debt you don't own or control that can overleverage the company, especially during economic readjustments. In order to pay the lenders, salaries may be cut, budgets to buy new product can be cut and essential maintenance deferred.

There is nothing wrong with lenders or borrowing money from outside sources from time to time. The goal is to use the borrowed funds as "found money", which can be paid back immediately from internal accounts.

A second reason to borrow outside funds is to maintain a good credit rating, paying back loans from a self-directed, self-managed internal account.

Here are some examples of how this concept can work:

***Start with a seed fund of $500. Turn it into a monthly cash flow of $3,000 in four months.

***Invest a seed fund of $2,000. Turn it into a monthly cash flow of $12,000 in six months.

***Invest a seed fund of $4,000. Turn it into a monthly cash flow of $24,000 in six months.

***Invest a seed fund of $8,000. Turn it into a monthly cash flow of $48,000 in twelve months.

***Invest a seed fund of $16,000. Turn it into a monthly cash flow of $96,000 in twelve months.

Will these results happen the first time out? Probably not. Making money and managing debt are acquired skills. It takes time to develop the customer relationships that drive this business model.

Start with the first step, turning $500 into a monthly cash flow of $3,000. Keep at it until that level of cash flow is well-established and can be sustained indefinitely. Then move onto the next step. Don’t rush. At some point, the process will develop its own momentum.

A final note: All education is self-education. The information in this report can work, but it takes time and commitment to follow through. Making and managing money and debt is a self-correcting process of trial and error.