

You Need A Cash Plan

The backstory

Are you familiar with the phrase "more month than money?" That's the situation that happens when you run short of money before the end of the month or before next payday. It's a condition with which most wage earners are familiar. It was my problem for many years.

I've always had a decent income. What I didn't always have was an effective way to manage my income. I'm not an accountant... just a breadwinner who, when my wife Lois and I were married, did not know how to make the bread go far enough.

For about the first ten years after we were married, I used trial-and-error money management. There never seemed to consistently be enough money to pay bills and for day-to-day expenses. One payday we would have more spending money than we needed; the next we would run out of pocket money long before the next paycheck. It was a continual cash roller coaster.

Like most people, I had not received any kind of formal or informal training to prepare me for the awesome responsibility of managing my income. I was on my own with no financial roadmap as I searched for any type of money management method that would work for me.

I tried traditional monthly budgets and found that keeping track of every penny spent was something I didn't care to do. Following my budgets started off great, but didn't last long. I tried bill consolidation loans and, after doing several, realized that consolidation loans by themselves are not the answer. They served only to increase my debt instead of helping me to control my finances. Keep in mind that this was all happening well before the advent of personal computers. There weren't any software options for personal financial management.

Over the years I gradually, without any premeditated idea of what I was doing, developed a system for paying my bills, which also evened out the cash highs and lows between paydays. This system was nothing more than a consistent way of looking at my finances twice a month. I was doing this all on scratch paper with no formal structure.

When my very simple approach to cashflow management evolved into something that I could consistently use is impossible to pinpoint. All I can say with certainty is that while I was paying bills one month in 1975, it dawned on me that what I was doing on scratch paper could somehow be organized into formal records. After experimenting with designing forms with a ruler and pen over a couple months, I managed to create a system of paper forms that replaced my scratch paper.

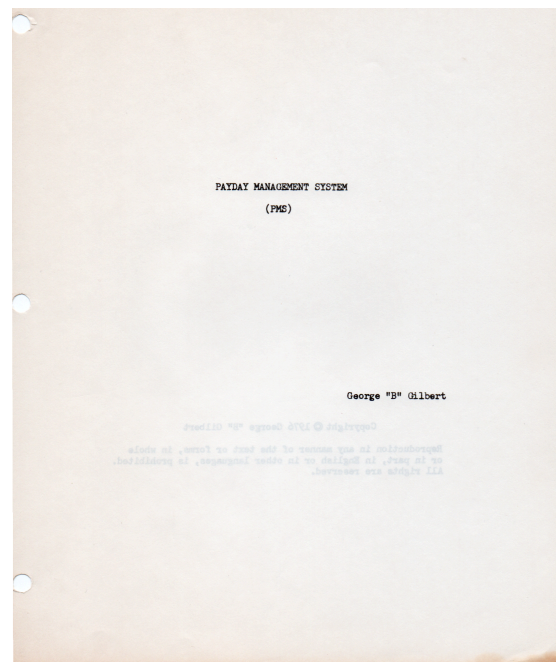
With my new forms, my informal system had matured to the point that I was able to pay my bills when due without financial strain, and I had a consistent amount of cash for day-to-day expenses. I was quite pleased with how my own personal money toolkit had turned out. It was a process that I, nor anyone else to my knowledge, had ever seen or used.

A friend of mine (let's call him Fred) became interested in my little form system. I had told Fred how pleased I was with the effectiveness of the process at a time in which he was searching for a better financial scheme. He had an excellent income, including a generous monthly dividend from a trust fund that his grandparents had set up. Despite his above-average income, Fred's financial condition was also characterized by more month than money. He had large credit card and charge account balances to which he forfeited substantial interest every month and was constantly concerned about his ability to pay his bills. He was in the same boat I had been. At his request, I agreed to create a set of forms for Fred to try.

After I copied the forms and instructed Fred on the methodology of the system, Fred became very dubious that my toolkit would be of any help at all. He initialized his set of forms to fit his financial situation. It immediately became painfully clear that Fred's finances were a disaster; bad enough that he doubted his ability to ever get his finances under control.

In addition to doubting the usefulness of my forms, both Fred and his wife were afraid that using the system would put restraints on their lifestyle the same way monthly budgets tend to do. Despite their concerns, Fred and his wife decided to give my system of forms a try. They had nothing to lose. Their finances were in such bad shape that they doubted my system could make things worse.

The results Fred and his wife achieved with my initial system of manual forms amazed both them and me. After using my system of forms for less than three months, Fred's finances had stabilized. All of his credit card and charge account balances were under control to the extent that he no longer paid interest on any of his credit cards or charge accounts. Furthermore, Fred and his wife were very pleased that their concerns about having constraints on their lifestyle proved groundless. They were actually able to begin pursuing interests which, prior to using my system of forms, had been too expensive. As Christmas approached that year, they were able to do all their gift buying without charging. In the eleven years they had been married, that was the first Christmas that they had gotten through with no additional debt.



The turnaround in Fred's finances was nothing short of incredible. After a few short months with my set of forms, Fred consistently faced the pleasant problem of having excess money every month. His income had not changed, only the way he managed it.

Our success with the original set of forms was difficult to keep secret. It wasn't long before I started receiving inquiries from people I knew as well as strangers, some of whom lived out of state. Since I couldn't make copies of the forms and personally instruct everyone on how to use them, I decided to write a how-to book. I self-published the resulting three-ring binder, titled Payday Management System, in 1976. I still have two copies.

Without exception, everyone who purchased a copy of that first how-to binder had the same success in gaining control of their finances that Fred had experienced. I began receiving letters from very pleased customers. Sales were slow since all advertising was strictly word of mouth, but it appeared that, given enough time, sales of the Payday Management System could have taken off. So, why haven't you heard about that first book in the last 50-or-so years?

At the time I was still very much involved in my military career. Shortly after publishing Payday Management System, I was transferred to my next sea tour. I put the binder aside and forgot about it.

After my last duty station, I was remiss in not returning to using my own money management technique. Between retiring from the Navy in 1980 and moving to Idaho in 1992, I managed to get involved in a failed business venture and ran up considerable credit card debt. In 1993, Lois and I filed bankruptcy. That was an experience I vowed to never repeat.

When a friend asked for financial help in 2000, I got back on track. After setting up a spreadsheet using the algorithms from the original workbook, our friend repeated the same phenomenal financial recovery that I and others had experienced. However, the spreadsheet proved cumbersome to maintain. I was inspired to write a software application.

It took more than twenty years for me to figure out all the intricacies of how everyday money works for people. There was no reference material to guide me since what I was developing had never been done before. I was learning and creating everything from scratch. It took another five years to mold the app into the commercially viable software product that you can download and use today.