

More in, rather than less out

Many people focus on how to “cut corners” and reduce expenses. That’s one viable way to increase the “bottom line” or your disposable income. (and it is important to look closely at expenses, to be sure that you are effectively utilizing your income resources!) Another way to increase your disposable income, one I prefer, is to look at how to increase your income, rather than just reduce expenses.

Let’s briefly look at how to increase your revenue to support the lifestyle you want, rather than trying to reduce your expenses to match your income. Corporate America has tried the reduction path; it doesn’t work! Even annual reports of the international corporations focus more on what they’re doing to stop the outflow of resources than what they are doing to increase those resources. No growth, and the organization will die., it’s that simple. And it’s applicable to individuals, as well.

There’s a simple formula for wealth: earn much more than you spend. Look at how much it costs annually to live your lifestyle. Add 20% for savings/wealth building; add another 20% for growth. Divide that dollar amount by the number of hours you want to work, and that’s your minimum hourly rate; you don’t want to accept any offers, or spend any time, doing anything that doesn’t NET you that hourly rate.

For example, if you need \$60,000 to maintain your lifestyle, you’d multiply that by 1.4, giving you a target income of \$84,000. If you want to work 30 hours per week, you’d be working 30 hours x 50 weeks in a year, to give you a minimum hourly rate of \$56 per hour (\$84,000 divided by 1500.) So you wouldn’t want to accept a \$50 an hour job- unless you have a \$62/hr project to take on simultaneously.

So- now you’re probably asking yourself, “but how do I find that \$56/hr. job or project?” Here’s how. Look back at the list you made of the things you love to do. Expand on that – look at the areas of your life where you have fun, are energized and playing full out. Who benefits from those activities? Who also enjoys those activities? There’s your target market.

We’ve provided a simple worksheet on the following page to support you in completing this exercise.