



Volume 8 | July 2018

Hi, Here's your July, 2018, edition of Gator Bites with ideas and tips to help grow and improve your organization.

FEATURE ARTICLE: Should You Pay Off Loans Early?

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Next Month: Should you pay off loans early?

Success, real success, is helping other people be successful.

SHOULD YOU PAY OFF LOANS EARLY?

“One reason why some are always in debt is because they cannot do without the things they do not need.” - Roy L. Smith

A client was interested in paying off some loans early and asked which one should be paid off first. The company had some excess cash, and one of the owner's goals was to be debt free. An interesting question. Before deciding which loan to pay off, decide if paying off a loan early is in alignment with your business strategy and Fundamentals (Purpose, Values, and Operating Principles). Our old friend opportunity cost “kicks in” here. Paying off a loan early uses money, which could have been earmarked for some other business purpose. In addition, there may be some tax benefits in not paying a loan off early. Talk with your tax preparer before making a decision.

Assuming that paying a loan off early is part of your business and tax strategy, and is in alignment with your Fundamentals, there are four options. No one answer fits all situations. If you have multiple loans and are determining which one to pay off first, consider the following:

1. Pay off the loan with the highest interest rate.
2. Pay off the loan with the highest monthly payment.
3. Pay off the loan with the lowest monthly payment.
4. Pay off the loan with the smallest remaining balance.

Many years ago, I was approached by a young couple in desperate financial trouble. They had bank loans, school loans, car loans, and credit card loans. Their monthly payments on these loans exceeded their take-home pay. Declaring bankruptcy violated their religious beliefs, so bankruptcy wasn't an option; and they firmly believed in tithing to their church. Some of their lenders would not re-negotiate the terms of the loan, such as interest rate or repayment period. One banker told me, "There is no hope for them, so we'll just repossess their car when they stop making payments." However, they did eliminate all their debts, kept their car, avoided bankruptcy and continued to tithe. The strategy was to pay off the loan with the smallest balance first. They contacted all of their creditors and informed them that they would pay each one every month, but only enough to cover the interest due on the loan. This prevented the loan balance from growing (negative amortization). When the loan with the smallest balance was paid off, it freed up cash flow to start applying to the next smallest loan. As each loan was retired, they had additional money available to pay down the next loan. They cut their living expenses "to the bone" and added part-time jobs to their full-time employment. In three years, they were debt free.

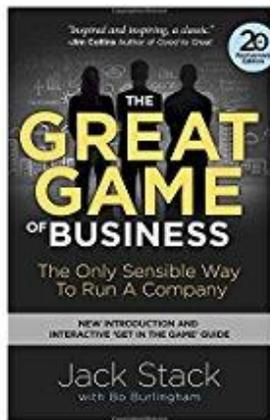
The best option for you will depend on your unique situation, cash on hand, and business strategy. If you have limited cash, paying off the loan with the smallest balance first is a good strategy.

Click here for more articles: [Click here](#)

Quote of the Month

The difference between a successful person and a failure often lies in the fact that the successful person will profit by his mistakes and try again in a different way." - Dale Carnegie





Book of the Month: *The Great Game of Business* by Jack Stack

This has long been one of my favorites. Mr. Stack and his partners bought a plant that was in total disarray to the point there were fistfights on the plant floor. They turned it around to become one of the most successful businesses in America and a model that businesses from all over the world visit to learn how they did it.

INSPIRATION - The Elephant Rope

As a man was passing the elephants, he suddenly stopped, confused by the fact that these huge creatures were being held by only a small rope tied to their front leg. No chains, no cages. It was obvious that the elephants could, at any time, break away from their bonds but for some reason, did not. He saw a trainer nearby and asked why these animals just stood there and made no attempt to get away. "Well," trainer said, "when they are very young and much smaller, we used the same size rope to tie them, and at that age it's enough to hold them. As they grow up, they are conditioned to believe they cannot break away. They believe the rope can still hold them, so they never try to break free." The man was amazed. These animals could at any time break free from their bonds; but because they believed they couldn't, they were stuck right where they were. Like the elephants, how many of us go through life hanging onto a belief that we cannot do something simply because we failed at it once before? Failure is part of learning; we should never give up the struggle in life. You can't change your past, but you can design a better future.



[Building a Successful Business](#)
[Interview on "Seize The Day Radio"](#)

Success in business is something for which we strive. Roy Austin joins Diane Helbig on *Seize This Day* podcast to discuss ideas to help us achieve the success we seek.

[Listen to the interview](#)

Words of Wisdom by Don Reinke

Don Reinke has extensive business experience having owned several successful businesses. He submitted his 13 keys to success. We'll pass along one each month.

3. Be on time

TECH TIP

7 clear-cut signs you've been hacked

[USA Today Article, click here](#)

IPhone Tip

After watching a number of free videos from the iPhone Photography School, I signed up to get the course for \$97. Amazingly, you can do virtually anything on your iPhone that a DSLR camera can do. The course covers the unique features of the iPhone, composition of your pictures, and editing. It also discusses special apps for both editing and taking pictures that further enhance your photography. I'm having fun experimenting with all I've learned. [Click here for iPhone Photography School](#)

Productivity Tip

Dr. Melissa Gratias is a Productivity Psychologist and an expert in getting organized. Each month Gator Bites will feature one of her tips.

Defeating the Meeting Madness

Tips for a worthwhile and well-run meeting:

Before the meeting

- Determine who needs to attend – be selective
- Decide the purpose (Brainstorm? Discuss? Debate? Vote?)
- Send agenda a few days ahead of time so attendees can be prepared

During the meeting

- Start and end on time whether or not everyone is present (high marks for this!)
- Take accurate minutes emphasizing decisions made, next steps, and dates
- Stay on track by referring back to the agenda
- Assign a subgroup to iron out details, or table discussions, if necessary
- Assign action items

After the meeting

- Distribute minutes as soon as possible
- Highlight action steps, persons responsible, and due dates
- Create a follow-up for reporting results

COLLECTIONS REVISITED

Greg Bennett is a CPA on Hilton Head Island, SC. Based on his experience with other companies; he says that now in his own businesses, "I simply do not have a problem collecting receivables." Greg shares his eight secrets for collecting receivables. The first one is:

1. Accept every form of common payment and allow customers to pay via credit/debit and ACH transfers. I do not mean just though the office, but a payment system they can utilize online and even split payments on a single invoice as they choose.

Stay tuned to future Gator Bites for Greg's other tips.

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your business
in better shape.
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