**Financial Management**

**Mistakes Managers Make, According to Their Employees**

**This independent survey reveals the truth about workplace bosses, from the employees' perspective**

**1. Micromanaging.**

Really, no surprise here. Leaders who dominate people, decisions, and processes, lead by fear, and lack vision make this the No.1 mistake. [As I have written in the past](https://www.inc.com/marcel-schwantes/5-signs-youre-going-to-fail-as-a-leader.html), micromanaging ultimately derails your team's motivation and creativity.

**2. Leading from a position of power or ego.**

As it has always been, hubris is the cause of much conflict and grief. As one respondent succinctly puts it:

"Intellectual arrogance is like a termite to some leaders and networks."

Others suggest that know-it-alls who think they have the best ideas and information, and use it to wield power or control, destroy morale.

Some respondents express disdain over leaders unfit to lead, and blame the hiring of decision makers who place such leaders in those positions.

The general feeling here points to a lack of humility -- not able to own being wrong, and not handling being wrong well. [Even science agrees there's one type of hubris (pride) leaders should avoid to achieve success and happiness](http://inc.com/marcel-schwantes/want-more-success-and-happiness-no-joke-science-says-avoid-pride.html).

**3. Not listening.**

One respondent puts it this way:

"It is not the inability to listen but the inability to 'hear' what their team [members] are saying to them."

The lack of active and respectful listening, and two-way communication -- sending without receiving -- is a clear shortcoming for many. I have written about how this type of "authentic listening" [may be the most underutilized and underdeveloped leadership skill you will find in entrepreneurs.](https://www.inc.com/marcel-schwantes/the-hidden-power-of-this-forgotten-leadership-skill.html)

**4. Not valuing followers.**

This mistake points to the overarching theme of leaders [dismissing the value of their people](https://www.inc.com/marcel-schwantes/science-says-this-is-the-best-way-to-connect-with-employees.html). They either don't care, don't know how to care, or stopped caring. In essence, it's the leader who thinks anyone is replaceable, and sees employees as "cogs on a wheel" rather than "worthy colleagues" to be treated like business partners in producing excellence.

Quite a few respondents offer great advice to leaders who don't grasp how to properly value employees. Two that stand out for me are:

* Invest in employees with [development and mentoring opportunities](https://www.inc.com/marcel-schwantes/what-you-dont-know-will-hurt-you-3-top-skills-leaders-need-to-learn-today.html).
* Identify each person's unique skills and strengths, and use them where they are best suited for business outcomes.

**5. Failing to grow themselves as leaders.**

One collective sentiment from the study is that certain leaders, at whatever level, may have self-entitlement issues about growing and developing *themselves*.

Upper management may invest heavily in leadership development for middle and lower management, yet be reluctant to get the same level of training. This despite the fact that leadership issues at the senior level are just as frequent, often causing friction, strain and turnover down the ranks.

Some examples of behavior that cry out for executive-level leadership development:

* Low self-awareness -- not knowing oneself.
* Communication issues, lacking in two-way feedback.
* Ego: having all the answers and not soliciting input.

Notice the correlation between mistake No. 2 (ego-driven leaders) and leaders who want to push the responsibility for leadership development down to lower ranks.

**6. Lacking boundaries.**

Some [leaders forget to recognize professional boundaries](https://www.inc.com/marcel-schwantes/8-habits-you-should-stop-doing-now-to-radically-improve-your-life.html). The moment a leader starts trying to "buddy up" with subordinates, the chain of command begins to disintegrate and boundaries become blurred.

Leaders can compromise their own integrity by becoming too friendly with subordinates. A healthy mutual respect should be the goal of bother superiors and subordinates. Approachability is key, but not at the expense of professionalism.

**7. Not providing or receiving feedback.**

Since employees are the ones most intimately acquainted to how things are going on in the trenches -- with customers, processes, etc. -- it behooves leaders to gain their tribe's trust by coming to them first for input, buy-in, advice, and strategy.

This fosters a culture of trust, questioning and creativity, where followers feel safe enough to contribute ideas and share concerns that have value and can help resolve situations.

In the survey, respondents cite these common "allergic reactions" to feedback among leaders:

* Getting defensive when receiving feedback.
* Soliciting "bogus feedback."
* Not asking questions when receiving feedback (a sort of emotional "shutdown" stemming from an ego position).
* Reacting to feedback by reverting to expertise and knowledge -- giving answers to every question and issue.

For leaders who do give feedback to employees, these are common leader habits cited as being unproductive:

* Providing feedback that isn't actionable or doesn't help followers develop.
* Assuming the absence of feedback means everything is OK. A sort of "if it ain't broke, don't fix it" mentality.
* Thinking they know what followers want/need without asking them. Usually, this involves a lot of projection.

**8. Not sharing leadership.**

The concept of sharing leadership and empowering your tribe to make their own decisions is not new, but it's gaining momentum thanks to books like [*Turn the Ship Around,* by David Marquet](http://www.davidmarquet.com/).

It makes sense for leaders to set the stage for teams to operate this way because, on the frontlines, workers have more knowledge of the subject matter than leaders do. As one respondent puts it:

"Leaders fail to tap into frontline intelligence. Involve those who will be affected by the implementation by enlisting their energy and insights, or be left with people asking 'What were they thinking when they rolled this out.'"

**Closing thoughts.**

In the end, we don't need to demonize the leaders who are the subject of many of these responses; they are humans too, and not out to deliberately destroy the lives of their followers. They should be treated with grace, and also empowered to succeed with the proper development.

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# 7 Manager Mistakes with Costly Consequences

Everyone makes mistakes. But few folks’ flubs matter more than those of managers, especially to your company’s bottom line. (On the plus side, managers’ mess-ups are often a boon to those of us in the business of employment law.) Even sensible managers can make seemingly minor errors—like failing to document a worker’s performance—that could result in seven-figure payouts in court.

That’s why failing to train and educate managers may well be HR’s biggest mistake. I asked several experienced labor and employment attorneys to share their stories of costly management mistakes and the lessons HR professionals can learn from them. While these examples are all derived from real cases, details have been changed to protect confidentiality; any resemblance to real individuals should be considered coincidental. Without further ado, here are the unlucky seven.

## 1. Failure to Document

The story is a familiar one. Jason, the 45-year-old sales manager for a sporting goods manufacturer, had a three-year employment contract, which provided that he could be terminated only “for cause.” That included, of course, for failing to perform his duties—which is exactly what his supervisor Bill believed was happening.

Bill became concerned about Jason’s performance during the first year of the employment contract when he noticed Jason was slacking off and not meeting his sales goals. But Bill kept quiet about it and hoped it was a fluke. He even gave Jason high marks in his first-year review. “Keep up the good work!” Bill wrote.

In Jason’s second year, Bill didn’t notice any improvement. Yet during that time, he sent an e-mail to the company’s executives describing the great work his whole sales team was doing. He added a few lines of specific praise for Jason, pointing out his “can-do attitude” and the role Jason played in driving dramatic sales growth in a particular area.

A month later, Bill fired Jason and told him it was because he had failed to perform to standards. That was news to Jason—who then sued for breach of contract and age discrimination, seeking six-figure damages for his salary and sales commissions for the remainder of his contract term. A costly legal battle ensued.

“Supervisors like Bill often try to be encouraging and ‘soften the blow’ of tough comments,” says Cecilia Romero, an attorney at [Holland & Hart LLP](https://www.hollandhart.com/) in Salt Lake City.

When Bill was asked during litigation why he had complimented Jason’s work in the e-mail to upper management, he admitted that his comments were not accurate but claimed that he didn’t want to “leave out” anyone on the team in his note.

While Bill’s intentions may have been good, inconsistent documentation can lead to the perception that the company terminated an employee for a more nefarious, and possibly discriminatory, reason, Romero says. “At a minimum, it means there are conflicting stories, which may prevent a court from dismissing a lawsuit early on,” she says.

**Moral of the story:** “Be honest and direct with employees,” Romero says—and make sure your managers know why that’s so critical. “Also, properly document any performance problems in reviews, in e-mails and in other performance-related materials.”

## 2. Neglecting to Pay Overtime

Jill’s position was nonexempt under the Fair Labor Standards Act. Still, her boss described her as the “consummate professional” and never offered extra pay when Jill checked her e-mail at all hours, made and took business calls during her commute, and stayed late to make sure she didn’t just meet expectations but exceeded them. Jill never dreamed of asking for overtime pay for giving that “110 percent”—it was just who she was.

Unfortunately for the company, Jill’s co-worker Sam felt differently about his own similar situation. He filed a class-action suit alleging that the employer’s pay practices violated state and federal law and recruited a few co-workers to join him. His lawyer sought damages, back pay and attorney fees for a large group—which included Jill, even though she never wanted to be part of the case.

“Although employees like Jill are unlikely to sue their employers, this won’t stop disgruntled co-workers,” says Robin Shea, a partner at the law firm [Constangy Brooks Smith & Prophete LLP](http://www.constangy.com/) in Winston-Salem, N.C. “If a co-worker like Sam files a class or collective action, then the employer could be looking at substantial liability for unpaid overtime and off-the-clock work, including for employees like Jill,” she says.

[SHRM members-only toolkit: [Determining Overtime Eligibility in the United States](https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/determiningovertimeeligibility.aspx)]

**​Moral of the story:** Although Jill’s dedication to her job is laudable, the Fair Labor Standards Act and most state wage and hour laws require that nonexempt employees be paid for all hours worked. Make sure these workers—and their managers—understand the rules. If supervisors allow nonexempt employees to take on extra duties, they must also ensure that the workers track all their time and are compensated accordingly. “If you don’t want to pay overtime, then you need to require them to quit at quitting time,” Shea says. In fact, employees who fail to comply should be subject to discipline. “It’s a shame to have to force good employees to be clock-watchers, but our wage and hour laws virtually require that.”

## 3. Misguided Paternalism (or Maternalism)

Denise was the chief operating officer for a company with 300 employees. She prided herself on supporting women in the workplace, including facilitating leave and flexibility options for the members of her largely female senior management team. Yet she also complained about the impact of maternity leave on the business when her executives took advantage of it. “It makes it really hard to get things done properly and on time,” Denise opined.

In fact, in a report to the company’s board of directors, Denise wrote that an important project could not be completed by its target date because a key employee was on maternity leave.

Denise’s outlook trickled down to Selma, the manager of a team that needed a project leader. After announcing the opportunity to her employees, Selma gestured to a couple of young women and said, “I know that you two aren’t interested because you have small children and probably don’t want to work the extra hours.”

The next day, one of these workers, Amanda, complained to the HR director, Louise, about Selma’s comments: “This isn’t fair. Selma is holding it against employees who have young children. And she gets this attitude from Denise.”

Louise told Amanda she was misinterpreting Selma’s remarks. “Everyone knows that Denise is a big champion for women in the workplace,” Louise said. “Look at how many women we have in senior positions!”

“That may be,” Amanda replied, “but Denise’s and Selma’s comments hurt women.”

Louise again disagreed and took no action on Amanda’s complaint.

Four months later, Amanda applied for a higher-level position—and didn’t get it. A discrimination and retaliation claim soon followed.

Selma made a mistake when she made assumptions about what her workers would and wouldn’t want to take on—and an even bigger one in voicing her concerns to those employees. “Whether the personal situation is a disability, the health of a family member, the age of children, etc., the employee, not the employer, makes the determination on whether she can take on additional hours or responsibilities,” says Charlotte Miller, a former state bar president who is currently chief human resource officer for the U.S. Ski and Snowboard Association.

**Moral of the story:** “Empowering employees who have children or other family needs means making available flexible work or other benefits,” Miller says. “It does not mean determining what ambitions an employee should have or what opportunities an employee should pursue.”

While Denise’s company offered good leave benefits, she undermined them with her complaints about employees taking the time off. “That’s not empowerment—it’s compliance, with a knife,” Miller says.

**Bonus moral:** And let’s not let the HR director off the hook. “Louise should have taken Amanda’s complaint seriously, investigated and followed up,” says Monica Whalen, attorney and president emeritus of the [Mountain States Employers Council](https://www.msec.org/Pages/home.aspx) in Salt Lake City. “Instead, she let her own perception of Denise as a ‘champion of women’ get in the way. By prejudging Amanda’s complaint, Louise unwittingly set up her employer for both a discrimination and a retaliation claim.”

## 4. Playing Favorites

Department manager Frank promoted his favorite worker, Henry, to the role of supervisor. Frank was delighted to have a good, trusted friend in that role to whom he could talk freely regarding his misgivings about other employees. One of these involved a Hispanic employee, Joseph, whom Frank viewed as passive-aggressive. Speaking freely with Henry about Joseph’s lack of timeliness in executing projects, Frank said, “There’s probably some reason that stereotypes are stereotypes.”

Henry took the hint and began to push hard on Joseph and the other employees Frank didn’t like and was quick to write them up for whatever displeased him. Frank backed Henry on the new, harsher mode of supervision.

Joseph felt he was being unfairly disciplined for offenses that non-Hispanic employees committed without consequence, so he filed a claim of national origin discrimination with the U.S. Equal Employment Opportunity Commission (EEOC). When the agency’s investigator interviewed Henry, Henry admitted that his disciplinary practices weren’t always consistent and that he took his lead from his manager. He then shared Frank’s complaints about Joseph and his comment about truth in stereotypes. This caused the EEOC to take great interest in Joseph’s claim. As you can well imagine, things didn’t end well for the employer.

**​Moral of the story:** “As this company learned, cronyism among managers—where the emphasis is on likes and dislikes, rather than on performance—can lead to off-the-cuff remarks and conclusory statements that are not helpful in focusing an employee on the pertinent timelines, rules and tasks required,” says Corbett Gordon, an attorney at [Tonkon Torp LLP](https://tonkon.com/) in Portland, Ore. “Indulging in gossip and stereotypes created a dynamic where Henry viewed his role as that of Frank’s henchman, rather than as a helpful and transparent supervisor to all his subordinates.”

## 5. Compliance Miscalculations

Although she’d just received a demand letter from a former employee’s lawyer, business owner Sarah sounded fairly happy on the phone to her employment lawyer. She said, “This person is making a claim that we fired her because of her health, but we knew she wasn’t eligible for Family and Medical Leave Act leave when we let her go. We should be fine, right?”

‘Be honest and direct with employees. Also, properly document any performance problems in reviews, in e-mails and in other performance-related materials.’

     –Cecilia Romero,   Holland & Hart LLP

Her lawyer had bad news for Sarah: “You’re right about the Family and Medical Leave Act,” she said. “Unfortunately, however, the former employee is probably covered by the Americans with Disabilities Act (ADA), and there’s no indication that her manager or HR tried to accommodate her under the ADA before you fired her for attendance problems.”

**Moral of the story:** This common scenario “illustrates what many businesses do well and what they don’t do well,” says Mike O’Brien, an attorney at [Jones Waldo](http://www.joneswaldo.com/) in Salt Lake City. “They wisely know that HR laws apply, that it is a risky legal landscape and that any termination can result in some kind of a claim,” he says. Nevertheless, they often fail to consider that a number of HR laws—not just the one or two they know best—may apply to any given situation and thus fail to train their managers accordingly, O’Brien continues. Businesses “should carefully analyze and, with the help of legal counsel as needed, identify all potential legal risks in a termination before pulling the trigger.”

## 6. Failure to Accommodate

Debra worked as one of two hairdressers at a nursing home. On Mondays and Tuesdays, she pushed residents in wheelchairs from their rooms to the nursing home’s beauty shop to do their hair and then wheeled them back afterward. On other workdays, Debra mainly did the hair of residents who didn’t require wheelchair assistance.

After undergoing surgery, Debra returned to work with a permanent pushing restriction of 50 pounds. Her doctor said pushing wheelchair-bound residents could cause additional physical damage that would likely require her to have another surgery.

Debra suggested that others push the wheelchairs for her on Mondays and Tuesdays. However, the nursing home’s administrator rejected the idea and refused to restructure Debra’s duties because the pushing restriction was “permanent.”

Debra quit and sued under the ADA. Until Debra’s position was filled, the remaining hairdresser received assistance from other staff in wheeling residents to and from the beauty parlor, without any “undue hardship” to the facility or its residents.

Although a lower court initially dismissed the case on the grounds that pushing wheelchairs was an “essential function” of the position, an appellate court disagreed and sent the case back for jury trial.

**Moral of the story:** Maria Greco Danaher, a shareholder with the law firm [Ogletree Deakins](http://ogletree.com/) in Pittsburgh, offers three lessons: “First, just because a restriction is permanent doesn’t excuse an employer from attempting to accommodate it.

Second, if you’re going to say that a suggested accommodation is impossible—in this case, having others assist in the wheelchair pushing—don’t use that very accommodation when the employee leaves the position.

And, most importantly, at least consider restructuring the job when reviewing reasonable accommodation choices. Don’t simply assume an accommodation can’t or shouldn’t be made.”

## 7. Turning a Blind Eye to Bullying

For many years, a company conducted annual training on its anti-harassment policy. However, neither company policy nor the training included bullying, based on reasoning that “generic” abuse is not a legal issue since it’s not based on race, sex or other legally protected classes.

The organization’s leaders came to regret this omission after an employee filed a lawsuit alleging abuse and harassment by his manager. They learned the hard way that defending a claim by arguing that a manager is an “equal opportunity offender” is an uphill battle.

“When judges and juries feel an employer tolerated or allowed an abusive work environment to exist, they’ll often strain to find a legal hook to hold the employer accountable,” says attorney Mary Wright of [Wright & Supple LLP](http://www.wrightandsupple.com/) in Albany, Calif. “And given the plethora of legally protected classes and activities under state and federal law, it’s often not hard to find a hook.”

[SHRM members-only presentation: [Confronting Workplace Bullying](https://www.shrm.org/resourcesandtools/tools-and-samples/presentations/pages/confrontingworkplacebullying.aspx)]

**Moral of the story:** Offer anti-bullying training. When Wright counsels employers, she reminds them of four important reasons to do so:

• In some states, such as California, anti-bullying training is required by law.

• Bullying can be the basis for an employee’s lawsuit for other claims, such as intentional or negligent infliction of emotional distress.

• Bullying is on the rise.

• Workplace bullying is likely to contribute to subsequent medical disorders and even “secondhand abuse,” in which those who have been bullied go on to bully others.

## Cases Closed

Sometimes HR professionals assume managers with common sense won’t make these mistakes. But unfortunately, as the French philosopher Voltaire said, “Common sense is not so common.” Moreover, employment laws aren’t always so logical themselves.

So don’t let managers navigate these tricky legal waters on their own. Train them, encourage them to come to you with questions and problems, and turn to employment attorneys if you get stuck.

That’s how HR can accomplish its goal of getting the right employees in the right positions doing the right things—without ever having to visit the inside of a courtroom.

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# **7 Common Financial Mistakes and What Causes Them**



The human propensity for loss aversion compels us to act in a way that can limit our returns. If we act out of fear that our investments will lose money then we miss out on the possibility of gains, which is the whole reason we invest in the first place.



When it comes to financial decisions, we tend to be overconfident. After all, we earned the money in the first place, right? If our investments have done well in the past, we tend to assume it was skill on our part. If we do poorly, we tend to blame it on outside circumstances or bad luck. By using previous results as the basis for future investment decisions, your overconfidence might cause you to ignore outside advice and sound investment principles (such as looking at market performance over time).



401ks and 403bs are great options for the beginner investor, and you should certainly take advantage of any employer contributions to your retirement. But in many cases they don’t do enough to ensure tax efficiency in the future and they can be more risk averse than you need. By also investing in a Roth IRA or a brokerage account, you could set yourself up to pay less taxes through your lifetime and see greater returns.



When you look at investments on an individual level, it can be easy to see losses or gains in certain stocks or sectors and then put more income in areas that are making gains. Not only does this increase the chance that you are “buying high” but this silo effect means you aren’t looking at your portfolio as a whole. Viewing your investments individually, and taking action on that basis, can skew your risk tolerance to a level that either greatly exceeds or falls short of the amount you need to reach your goals.



When you think about diversification, you might be inclined to simply heed the axiom that you shouldn't have all of your money in just stocks or bonds. However, diversification goes deeper than that. It's important to consider things like diversifying [by manager skill and company risk, as well](https://www.wealthenhancement.com/blog/is-your-portfolio-effectively-diversified).



The stock market is unpredictable, especially in the short term. Financial professionals who make bold proclamations about a particular stock might get viewers and clicks, but they don't understand your goals. A sound financial plan will take into account your risk tolerance and broader goals.



Investing is all about maximizing returns. In a bidding war, hot stocks go to the person wiling to pay the most. There are plenty of sound investments out there that do not require you to pay a premium based on "buzz" or the popularity of a brand.

Some of these mistakes are so common you may not realize you acted on them. If so, you've likely seen how these decisions can disrupt your financial plans and increase the anxiety you feel when it comes to managing your money. You can learn more about financial decision making mistakes and how to avoid them by [downloading our guidebook](https://cloud.e.wealthenhancement.com/behavioral-finance-guidebook?reg=National&off=bfgb&detail=genweb&mpr=4196), Are you Sabotaging Your Investment Success?

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.

Investing involves risk including loss of principal.

No strategy assures success or protects against loss.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

Bad money management. It sounds nasty and you probably want nothing to do with it.

However, a good portion of Americans don’t properly manage their money. Some sources report that Americans are pretty bad when it comes to their finances [as compared to other developed countries](https://www.theatlantic.com/business/archive/2016/03/americans-shortsighted-in-debt-and-bad-at-investing/472680/).

Yet, there is hope for you if you find yourself among this group.

There are some great tried-and-tested strategies you can learn how to manage your money the right way.

Let’s take a look.

Having a sound money management plan can be the light at the end of the tunnel for people trying to get their financial life in order.

If you are like me and have several bank accounts, credit cards, an IRA, and the like, often times getting a grip and fully understanding your personal finance state might seem daunting and an uphill struggle.

But if you don’t take the proper steps to get organized and actually learn ways for better managing your finances, you’ll feel like you are swimming against the current.

Managing your money—like anything—takes time to understand and to improve on. And to master, it also takes commitment and a solid understanding of your financial situation. These are the first steps in effective money management.

Everyone and anyone who ever took control of their finances went through this; and getting your financial life in order, sooner rather than later, is of utmost importance.

**Here are 10 fundamental steps to help you manage your money the right way:**

### 1. Create a budget

First things first: create a budget if you haven’t already. Is it necessary? Are windshield wipers necessary in the rain? Trust me, you need one.

Creating and sticking to a budget might seem a little tough to achieve at first but it pays off in the end (no pun intended). [Budgeting helps us see with clarity and full transparency our financial situation](https://moneystrands.com/how-to-budget-better/) and this is of most importance for better managing your money.

It’s the first step to help us pay off debt and start saving for future expenses such as a mortgage, a car, and your retirement. It’s what will bring balance to your financial life and give you peace of mind.

To begin, you will need to understand your expenses and your income to better manage your money. This is addressed in the following 2 steps:

### 2. Understand your expenses

Ask anyone off the top of their head to tell you how much they spend a month on everything and they might not be able to do so. This isn’t rare.

Many people actually don’t know the total amount of expenses they generate on any given month. This is a problem but there is an easy solution for it. Here it is: for one month, keep track of all your expenses. Easy-peasy. Take all your receipts (groceries, restaurant bills, utilities, etc.) and look at your bank statements and add up all of your expenses. Remember to keep track of expenses paid by cash as well as credit cards.

The idea is to have all your expenses (both variable and fixed) accounted for to get a total amount. This will allow you to see the whole picture and know how to manage your expenses going forward. You will also want to compare your historical performance over time.

### 3. Understand your income

Ask anyone off the top of their head to tell you how much they make a month and although they probably won’t tell you, internally they know. This is the difference between income and expenses, most people know their full monthly income but have less knowledge of their full monthly expenses.

Nonetheless, the point is to figure out your total expenses and subtract that from your total income for the month in question. Here is how the results should pan out:

* If you end up with a negative number this means you spent more than you made.  Actions to take? Reduce your spending and expenses until the total reaches zero.
* If you end up with a positive number this is good (high five!) and means you spent less you made.  Actions to take? You could increase your debt payments or increase your savings.

Once you understand your expenses and income and have a firm understanding of the money coming in and out of your life, it’s time to take some additional steps to best manage your money.

### 4. Consolidate your debt

Debt, the dreaded word. No one likes debt. No one. And most people that need help managing money actually need help getting out of debt. Sound familiar? [If you are like the majority of Americans (~80%), then you most likely have debt](http://www.cnbc.com/2015/07/29/eight-in-10-americans-are-in-debt.html).

The first thing to do is to get it under control and work on getting rid of it. If you have credit card debts, student loans, and other debts; look to consolidate them and try to get the lowest interest rate possible.

Again, its all about taking the proper steps to control your money. There are options out there that allow you to combine several unsecured debts such as credit cards, personal loans, and payday loans, into one bill rather than pay them individually.

If you only have a single credit card debt and are on a tight budget, try paying at least the minimum amount as soon as you get the credit card bill. Then, if your finances permit it, and you come across some more money, try to make the same payment a few weeks later.

Try keeping this payment cycle going until your debt is fully paid off.

### 5. Slash or remove unnecessary expenses

Big fan of Starbucks? If you are buying a Venti Caffe Latte every day (as delicious as they are) that’s around $4 out of your wallet. Multiply that out and you could be spending about $1,400 a year just on that. Maybe, just maybe, consider making your own blend at home to pinch those pennies?

Paying for a gym membership but doing yoga in your backyard? Cancel it. Think long and hard of other memberships, subscriptions, accounts that you are paying for but could live without.

Remember, the idea is to learn how to manage your finances better by taking everything and every penny into account.

So, do some spring cleaning and slash expenses wherever you see an opportunity and especially if it’s something that doesn’t affect your life to a great extent.

### 6. Create an emergency fund

S\*\*\* happens and it’s good to be prepared. Emergency funds are an important part of a healthy personal finance plan.

In almost all cases, you shouldn’t touch or take money out of the fund, rather, let it sit there earning interest. If you lose your job or an unfortunate or unexpected expense arises—such as your car breaking down or a tree falling on your roof—this is when you should tap into it.

### 7. Save 10 to 15 percent for retirement

I know it’s far off, but if you want to be sipping margaritas in Miami under a sun umbrella, the sooner you start saving for retirement, the better off you will be in your golden years.

First thing should be to establish a savings target—one that tells you approximately how much you should set aside over time to meet your retirement goals that will allow you to live the sort of lifestyle you envision.

Let’s say you are 21 years old and don’t have anything saved up but just got offered a job paying $40,000 a year. If you save 10% of your income annually then by the retirement age of 67, you will have $2.5 million saved up! Cha-ching!

If you need a calculator to run your own numbers, [check this one out](http://money.cnn.com/calculator/retirement/retirement-need/).

### 8. Review and understand your credit report

Why are credit reports so important? Because they are.

A credit report is a number roughly between 150 and 900 that serves as a score/grade which factors in your present and past loans, credit cards, mortgages, and any other reported debts.

It serves to determine how creditworthy you are and this score has a direct impact on your future borrowing ability. It’s important that you [review and understand your credit report](https://moneystrands.com/credit-score-really-matters/) to assure it has all your updated information and to identify any possible errors (it’s estimated that 2-3% of reports contain some errors that could affect your overall score).

If you want to aim for a great credit score, keep your credit card balances low and work on paying off your debt instead of moving it from account to account.

### 9. Use a tool or personal finance app

Your finances are already complicated, lets uncomplicated them.

How?

Begin by getting with the times and putting away your abacus or Casio calculator. There are new and free tools out there that will show you ways to manage money as well as do all the hard budgeting and computational work.

Many tools such as Quicken for Windows or the [**free MoneyStrands app**](http://www.moneystrands.com) will allow you to safely consolidate, manage and control your money all in one place.

With MoneyStrands you can get access to your all your account balances, financial transactions, spending habits and budgets, and take all that information to start making smarter decisions and achieve your financial goals.

### 10. Follow money management resources

Knowledge is power. Every financial guru we know today started off like you and me. They just continuously learned and educated themselves and turned their passion into their profession.

Financial pros can give you some much-needed advice on how to manage your cash the right way, as well as some inspiring stories to get you focused on being the best version of yourself in terms of crushing it financially.

The key when researching which expert to follow is to carefully pay attention to what they say, absorb it, and only take the pieces of advice or guidance that can really help your case.

Some of their financial jargon might be out of your league, so look more for those kernels of wisdom that might apply to you and yours.

Overall, stay well-informed, practice sound financial management, and perhaps one day you will be the next personal finance guru and have thousands, if not millions, of people sharing your content and seeking your expertise on the best way to manage your money. Anything is possible.

Being able to effectively manage your money will make life flow much more smoothly, not to mention help lower your stress levels. Being well-organized will also save you time and save you potential headaches in the future. And no one wants those.

So, get out there and take the first steps mapping out your personal financial strategy with the ever-present goal in mind of being able to manage your finances better than before. Many others have done it and so can you.

Think about how sweet those margaritas will taste on the beach in Miami many years from now.

Let us know if you have any other successful steps for managing your money that didn’t appear above!