

Embrace your resolutions! (economically speaking)

BY ARTHUR BARRETT

The decisions we make boil down to simple economics—every choice is a trade-off.

It is uncanny how life at home imitates business, and vice versa. So many decisions boil down to the principles of economics we learned in school. Resources are scarce, almost by definition, and every deployment

is a trade-off.

The Patriots demonstrate an unsurpassed comprehension of this concept. While they still might like to have Adam Vinatieri on the roster, they had other priorities for their 2006 salary budget that they thought gave them a better chance to win. They held firm again when Super Bowl MVP Deion Branch held out for more money. The Patriots are successful because they are always forward looking. While both of these decisions were unpopular with the fan base, this year they had room under the salary cap to sign the best wide receivers available. The deployment of their resources led to a record-breaking season and another trip to the Super Bowl.

In running our company, our management team faces similar decisions. Just as the Patriots cannot spend all their salary cap allowance on offense or defense, neither can we put all of our capital into one operation. When we invest in material handling equipment, it constrains our ability to invest in IT initiatives.

All of these examples boil down to selecting between favorable choices. What about a diet plan, or a resolution to quit smoking? In the long run, the only diet that truly works is one that forges a sustainable change in behavior. This is the basis of the Weight Watchers program. Most diets focus on sacrifices: Eliminate carbs; eliminate fat; elimi-

nate things you enjoy. Weight Watchers, on the other hand, makes every decision one of economics, just like the NFL salary cap. Reduce the amount of milk on your breakfast cereal, or the amount of cream in your coffee, and bank a point for later in the day. Have a salad instead of a sandwich at lunch, and save those points for a glass of wine or dessert with dinner.

It is hard to face this reality, but the decision to smoke follows the same principle. A pack of cigarettes each day steals \$5 out of your savings and, more tragically, costs a week of good health later in life. A healthy individual who starts smoking at age 20 trims 30 years off their life!

Embrace your 2008 resolution, and make it a sustainable change in behavior. Once you reach your goal, keep the initiative going. Work hard to avoid lapsing back into the behavior that caused you to write down the resolution in the first place. Take that money you spent on cigarettes in 2007, and put it toward that memorable vacation in 2010. Better yet, add it to your 401k and buy yourself an extra year of retirement travel! 🗺️

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