

YOU CAN'T SAND SAWDUST: MAKING SAFE PURCHASES

Buying stuff at the local discount store is tempting. Hey, it's cheap and it sure does seem like a good deal right? Well, the truth is that most things that we buy that are deemed "cheap" actually end up costing us a lot more in the end. There is an expression that I heard a long time ago: "You can't sand sawdust." What this means is that if you buy furniture made of particleboard or engineered wood products you can't repair it or refinish it if it becomes damaged. This type of furniture simply does not last very long and will quickly become damaged if it is handled roughly during a move or if it gets wet. Contrast this with furniture made of solid wood that can be relatively easily repaired, sanded, and stained many times over and can not only last a lifetime, but can also be passed on to someone else.

As you may know from reading my book, UNSAFE, safety is all about protecting our assets – any asset, not just our physical welfare. When we spend money, we are essentially exchanging the value of our money for the value of the good or service that we are purchasing. They are one in the same and are the same asset, just in a different form. You would not throw away a \$1 bill right? So why would you spend a dollar frivolously on some junk at the discount store that you will basically throw away the next day? A simple example might be the \$5 knock-off charger for your cell phone. Chances are, you will get it home, it will work once or twice, and it will die or possibly even damage your phone. Then you end up tossing it in the garbage. Most people at this point go out and spend the \$10 on the name-brand charger that will actually last a long time. So the purchase to get what you wanted and needed cost them \$15 total instead of \$10. This is a very simple example, but one that we all know plays out everyday.

PROTECT THE VALUE OF YOUR MONEY WHEN YOU EXCHANGE IT FOR PRODUCTS OR SERVICES

Here is my simple checklist to see if a purchase is a safe purchase or an unsafe purchase:

Safe Purchase	Unsafe Purchase
The price of the product or service is around the average price of this type of product or service.	The price of the product or service is significantly higher or lower than the average price of this type of product or service.
The price is the going rate, given the circumstances at the time of purchase (for example, hotel rooms get more expensive during peak travel times).	The price is too good to be true. You know what they say: "there is always a catch." If it seems too good to be true then there is probably a catch.
The purchase has a low risk of forcing you to make a repurchase because it	It is likely that you will end up buying a better different version of the product in

will serve its intended function.	the end.
The purchase serves or enables other purposes, such as choosing healthy food, which leads to better health.	The purchase detracts from other purposes, such as choosing unhealthy food, which leads to poor health.
The purchase satisfies multiple uses – the more the better. For example, a smartphone serves multiple uses.	The purchase provides only limited function or services. For example, a simple flip-phone has limited functionality.

A most important point to consider when spending money is to be honest with yourself. Purchasing situations that require you to be honest with your feelings are the most difficult purchases you can make. As long as you can afford it, the purchase should get you what you really want. Why? Because true satisfaction with a purchase helps you protect another important asset – your mental health! It helps avoid the stressful situation of buyer’s remorse, which often leads to repeat purchases to address your remorse. Too many people buy the wrong thing because they did not want to spend the extra few dollars on what they really wanted. You could buy high quality items with small cost differences but with significantly different satisfaction levels. For example, a sports car might be on a year-end clearance sale, saving you a thousand dollars. But the catch might be that it is blue when what you really wanted was the red sports car. Is it worth the stress of driving the wrong color car for the next few years to save a thousand dollars? For most folks, it is probably not going to be worth it - get what you want.

In contrast, some purchases spend similar amounts of money but get you completely different experiences. These kinds of purchases are extremely difficult to analyze, especially for high-dollar purchases. Most people can only afford to buy one house or one car. So chose wisely when making these kinds of purchases. For example, a luxury sedan vs. a sports car may cost exactly the same amount, but they are entirely different driving experiences. Likewise, a condominium vs. a single-family home is an entirely different living experience on many levels. Make sure you take the time to analyze the purchase you are contemplating to get what you know you want instead of what you think you want.

Remember, when we exchange money for a product or a service, we need to get perceived value that equals or exceeds the value of the money. That is how we make safe purchases. These are not easy mental valuations to calculate with a number, and often rely on a softer calculation, such as feelings and emotions or a qualitative assessment of the extent to which the purchase enables or detracts from goals that we are trying to achieve. Bottom line? If you can afford it, feel good about your purchases – your gut and your heart are usually the best guides. If you can’t afford it, then it is probably a bad purchase right from the beginning.

- Mark M. Kowaleski