The Step-Down Principle

A quick way to reduce expenses is to use the Step-Down Principle. When thinking about a purchase, draw a staircase with four to six steps. Write down the most expensive way to make the purchase on the top step. On the next step, write down the next most expensive way to make that purchase, on down to the least expensive way on the bottom step. Then ask, “Can I step down one or more steps with this purchase?”

With food purchases, the top step could be eating at a restaurant followed by a fast food place. The next steps could include buying prepared food at the grocery store, buying mixes to cook at home, and cooking from scratch.

The Step-Down Principle also works for the number of times a purchase is made. If eating out is often done 10 times each month, the next lower steps could include 8 times, 6 times, 4 times or less.

One nice feature of the Step-Down Principle is that any amount of steps down will help decrease expenses. The spending does not need to be cut out altogether to realize benefit. Also, the Step-Down Principle works for any spending category: entertainment, transportation, vacations, gifts, clothing, phone and cable packages, etc.

Try making a family goal and then involve the entire family in creating ways to step down. The next time you are faced with an expense, ask yourself

“Can I step down?”

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