

Knowledge Worker

Using the Rules to Your Advantage

(April 2016)

A Lesson from Boot Camp

My boot camp company commander impressed upon me that the Navy – that most hidebound of the military services – was in fact a system of rules and it was to my advantage to (a) learn those rules and (2) use them to my advantage. Some people would call that “gaming” or “playing” the system. I don’t think so. What he was talking about and what I’m talking about is playing by the rules and using them to your advantage, not bending or breaking them or going around them.

Knowing the rules of the systems in which they find themselves and with which they interact, and being able to use them to their advantage is something all knowledge workers should know how to do. Here is a homely little example related to credit cards and interest rates to illustrate what I mean. I think most readers will be able to relate to it and maybe even put it to good use.

Reducing Credit Card Interest and Payoff Period

Let's say you have a credit card balance of \$12,000.00. The interest rate is 8.6% APR and you are going to pay down the balance at a rate of \$500 per month. It will take you 27 months and you will pay \$1,214 in interest.

Now let's suppose you get one of those introductory credit card offers asking you to transfer a balance from somewhere else and offering you a zero percent interest rate for 15 months.

The balance transfer rate is 3 percent or \$360.

You transfer the \$12,000 to the new card and pay the transfer fee.

Fifteen months later, you have paid no interest and your balance is \$4,500.

At this point, the introductory rate of zero percent expires and the interest rate on the credit card jumps to 13.26 percent.

Continuing your \$500 per month payment schedule means it will take you 10 months to pay off the balance and you will pay \$265 in interest.

So you take advantage of another of those 15-month, zero interest credit card offers.

The balance transfer fee is again 3 percent or \$135 which you pay.

Nine months later your balance is zero.

Had you left the \$12,000 where it was originally you would have paid \$1,214 in interest and it would have taken 27 months to pay off the balance owed.

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Taking advantage of the interest-free introductory offers cost you a total of \$495 in transfer fees and your debt was reduced to zero in 24 months. You saved \$719 in interest charges and shaved 3 months off the time it took to eliminate your debt.

Another way of looking at it is to say you reduced your interest rate by more than half – from 8.6 percent to 3.9 percent – which is the rate you'd have to pay on \$12,000 with payments of \$520 per month to wind up paying off the \$12,000 plus \$495 in interest and having a zero balance in 24 months.

As I said earlier, some people would call this “gaming the system” or “playing the system.” I don't think so. Those two terms apply to situations in which the rules are bent, broken or circumvented. I'm talking about playing *by* the rules *and* using them to your advantage.

As the previous example illustrates, playing by the rules and using them to your advantage can be quite beneficial. Here's another example, this time from my Navy days.

Legitimate Double-Dipping

During my time in the Navy leave was accumulated on the books at the rate of 2.5 days per month or 30 days each year. You weren't required to take it and it would continue to accumulate throughout the year. At the end of the year, if you hadn't taken any leave, the 30 days you accumulated would carry over into the following year. The same thing applied there. At the end of the second year you could have 60 days "on the books." Going in to the third year you had 60 days on the books, which carried forward, and additional leave again started accruing at the rate of 2.5 days per month. However, the most you could carry over into any subsequent year was 60 days. So, at the end of the third year in which you had taken no leave you could have accumulated 90 days on the books. But, when the fourth year actually arrived, you lost 30 of those 90 days.

It was also one of the rules that the most leave you could take at any one time was 30 days. A lot of people would take 30 days at the end of their third year of accumulating leave so as to avoid losing it. I did something different.

In keeping with what Hollis, my boot camp company commander taught me, I made it my business to be aware of relevant rules. To the 30-days-at-one-time rule there was an exception. At the time, the Bureau of Naval Personnel (BuPers) Transfer Manual (TransMan) contained an exception to the 30 day limit. It said that if someone were being transferred to their final duty station as part of being separated from the service they could take *ALL* the leave they had on the books as delay in reporting to their final duty station.

When I requested my transfer to the Fleet Reserve (i.e., to retire), my orders sent me to the Naval Station in San Diego. In my case I had almost 90 days on the books and I took all of them as delay in reporting. I spent more than two months in Evanston, Illinois, working as a consultant for the fellow

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who had offered me a job upon leaving the service. I spent those two months drawing Navy pay and getting paid for my civilian work as well. To my way of thinking, that's not bending, breaking or circumventing the rules, it's an example of leveraging or capitalizing on them.

It has been truly said that “organizations are playgrounds for adults.” As knowledge workers, it behooves us to learn the system of rules that governs the organizations in which we find ourselves and learn how to use those rules to our advantage.

About the Author

Fred Nickols, CPT, is a knowledge worker, a writer, consultant and former executive who spent 20 years in the United States Navy, retiring as a decorated chief petty officer. In the private sector, he worked as a consultant and then held executive positions with two former clients. Currently, Fred is the managing partner of [Distance Consulting LLC](#). His website is home to the award-winning [Knowledge Worker's Tool Room](#) and more than 200 free articles, book chapters and papers. Fred is a longtime member of ISPI and writes this monthly column for *PerformanceXpress*.