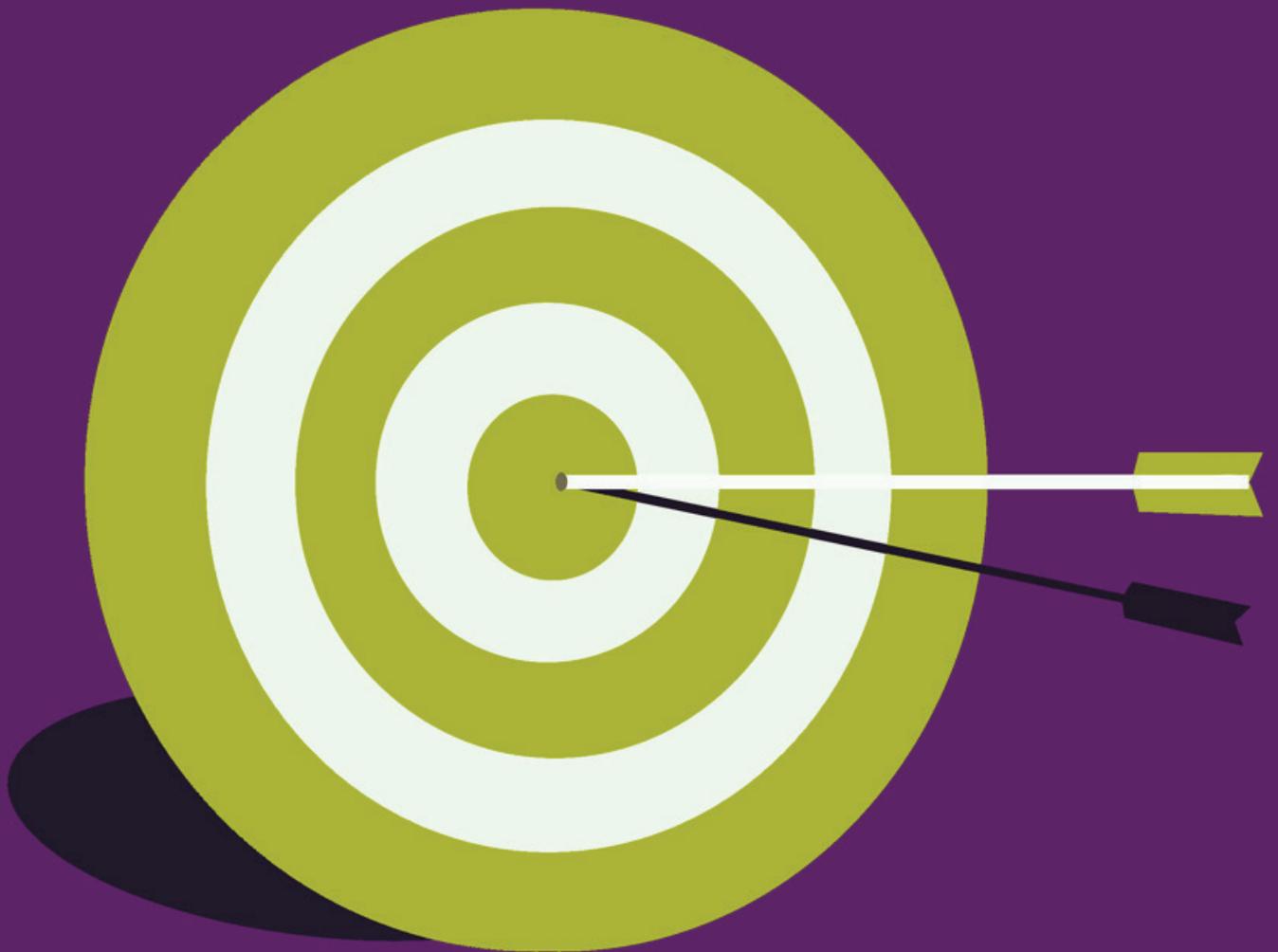


RICH  DAD.



HOW TO CREATE
MEANINGFUL
**GOALS AND
RESOLUTIONS**

Will

*YOU will be what you will to be;
Let failure find its false content
In that poor word "environment,"
But spirit scorns it, and is free,
It masters time, it conquers space,
It cows that boastful trickster Chance,
And bids the tyrant Circumstance
Uncrown and fill a servant's place.
The human Will, that force unseen,
The offspring of a deathless Soul,
Can hew the way to any goal,
Though walls of granite intervene.
Be not impatient in delay,
But wait as one who understands;
When spirit rises and commands,
The gods are ready to obey.
The river seeking for the sea
Confronts the dam and precipice,
Yet knows it cannot fail or miss;
You will be what you will to be!*

Ella Wheeler Wilcox

Introduction

How many times have you made goals and resolutions and failed to win? What if I told you why you did not win and how to fix that? People need their dreams. People need to accomplish their dreams, but they don't know how. To make it worse, they've focused on the "how" when success is found in the "why." This program is designed to teach you how to accomplish goals using the mindset I learned from my rich dad.

The Mind's "Why"

My rich dad taught me that what makes a person successful is not talent, not charisma, not money. Success is found in the mind, in the mind's "why."

Often times for a person to change their habits, or change their goals, they must first change their "why." For many people, that may be difficult because a person's "why" is often linked to core beliefs and values, likes and dislikes.

There are many limitations for the mindset of the "why." Sometimes the "why" mindset can be limited by attitude or opinions such as: "I'll never be rich," "I'm not interested in money," "The rich are evil," or "Investing is risky." Not much changes until there is a shift in these mindsets. For example, if you believe "I'll never be rich," the chances of you becoming rich are slim. Your "why" won't even let you try.

Your "Why" | Your Capacity

When it comes to goals, the "why" affects the "how" in two important ways. Let's use money as an example:

- 1. Limiting your "why" limits your "how."** For example, if a person's "why" is limited by, "I'm not interested in real estate," their limited "why" will reject most "how to" content about real estate. In other words, limiting your "why" screens or filters your "how to" content.
- 2. "Why" determines capacity.** A person can only be as rich as their "why" allows. For example, a 5-gallon gas tank can only hold a maximum of five gallons of gas. When it comes to money, a person may have a \$100,000 "why" capacity. That is all the money they can hold.

If you want to become richer, expand your “why” capacity. A billionaire has a bigger “why” capacity than a millionaire – for instance, they may want to help millions, not thousands of children.

Both “how to” and “why” are important. By expanding your “why” however, you increase your capacity to achieve greater goals. Most goal-oriented programs will focus on the “how to.” This is wrong. They want to tell you what to do. They will advise you to make lists, to create smaller goals within the little goals, and to be realistic. They rarely focus on the “why” mindset.

“Why” Is a Mental Environment

In simple terms, the “why” is often just a mental environment. As rich dad said, “Change your environment... change your life.” Changing or expanding your “why” will change your life. Achieving your goals is hard enough as it is. If your why isn’t strong enough, it will be impossible to clear the hurdles that are sure to appear in your pursuit. The “why” is more important than the “how to.”

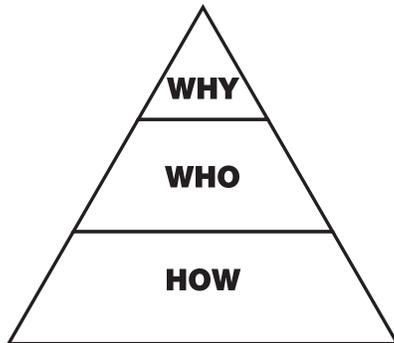
What Does This Have to Do with Accomplishing My Goals?

A good friend of mine, Olympic medal winner and author of *Get Comfortable With Being Uncomfortable*, Bob Molle, taught me the importance of the “why” with goals. Bob said there are three components within each goal. They are:

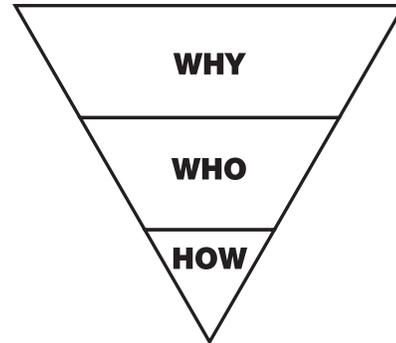
1. **Will** – *the Why. The most important component of a goal. Will is the context of a goal, the “why” of your goal. It’s the spirit.*
2. **Being** – *the Who. The “who” involved in your goal. It’s the “you” you need to be to accomplish your goal.*
3. **Function** – *the How. It is what everyone teaches you. Function is the “how to” of a goal, the content of a goal. It is important, but it’s the least important of the three goal components.*

On January 7th, one week after everyone has made their New Year’s Resolution, over 75% of people have failed. Did they forget how to accomplish their goal? No! They did not forget where their gym is or how to do a push-up. They lost their will. They lost their “why.”

What the others value: Function/Content



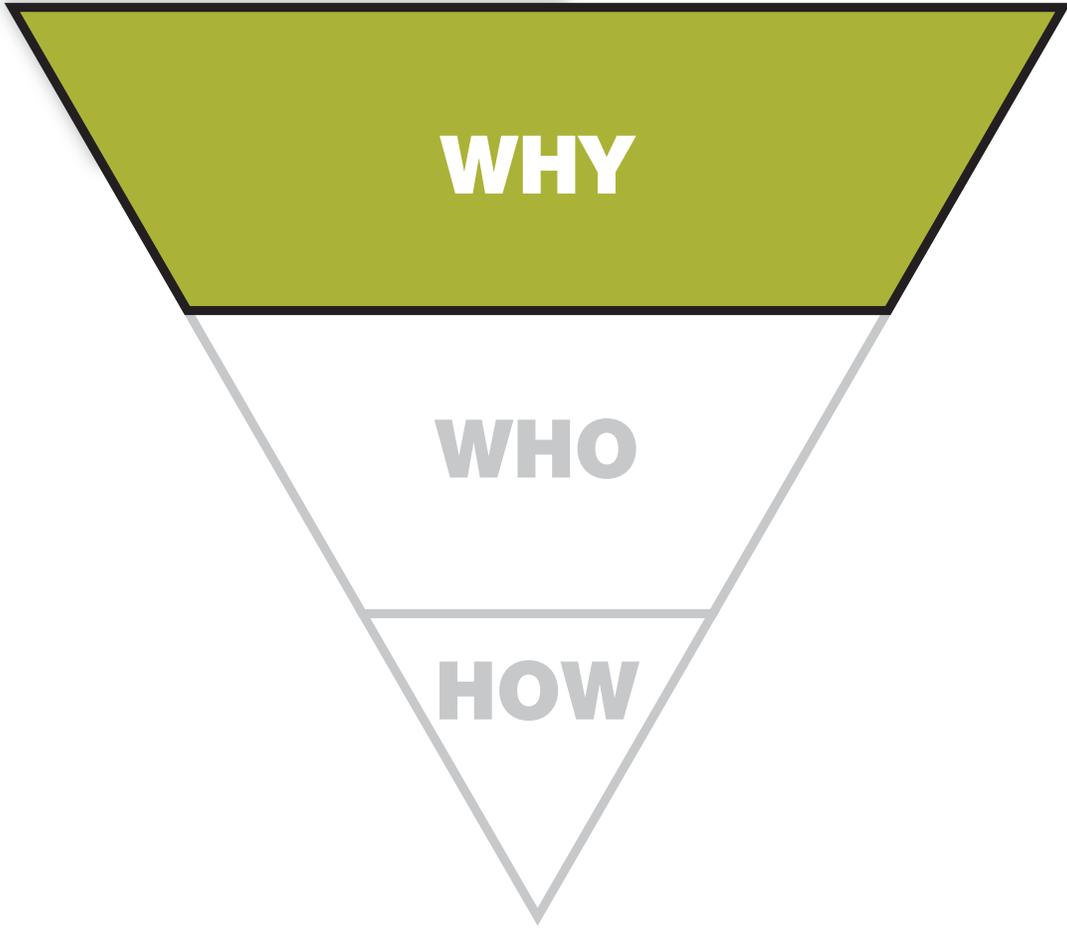
What Rich Dad values: Will/Context



My rich dad used to say, “Knowing what you can do and actually doing it are two different things. The gap inbetween is where life is found.” Success is found in that gap. Knowing what to do is the Function component. Actually doing it comes from the Will component.

In the following program, we’ll start by teaching you how to determine your “Why” behind your goals - the Will and Context. Don’t worry. We’ll still teach you the Function of your goals too.

Enjoy this program, and use it to guide you to the power of goals.



Finding My “Why”

The following is from my book, *Retire Young Retire Rich*. It is the story of how my wife Kim, my best friend Larry, and I began our journey from broke, to rich, to retired in less than 10 years. I tell this story to encourage any of you who may be doubtful or in need of some self-confidence to begin your goals and journeys by first discovering your “why.” When Kim and I started, we were nearly out of money, low on confidence, and filled with doubt. We all have doubts. The difference is what we do with those doubts. The difference was we had identified our “why.”

On New Year’s Day, we did what we do every year. We set our goals for the coming year. But this year, our goal-setting session was different. Larry wanted to do more than just set goals for the coming year. He wanted us to set goals that changed our lives by changing our realities. He said, “Why don’t we write a plan on how we can all become financially free?”

I listened to his words and heard what he said. But I could not fit what he said into my reality. I had talked about it, dreamed about it, and knew that someday I would do it. But the idea of being financially free was always an idea in the future, not today, so the idea did not fit. “Financially free?” I asked. The moment I heard my voice, I knew how much of a wimp I had become. My voice did not sound like the old me.

Let’s write down the goal, create a plan, and then focus on the idea. Most people do not think about retiring until it’s too late, or they plan on retiring when they’re sixty-five. I don’t want to do that. I want a better plan. I don’t want to spend my life working just to pay bills. I want to live. I want to be rich. I want to travel the world while I am young enough to enjoy it.”

As I sat there listening to Larry sell me on the benefits of setting such a goal, I could hear the little voice inside me telling me why setting a goal to be financially free and retiring early was unrealistic. It even sounded impossible.

Larry continued. He did not seem to care if Kim or I were listening so I tuned him out as I began to think about what he had said. Silently, I said to myself, “Setting a goal to retire early is a good idea, so why am I fighting it? It is not like me to fight a good idea.”

Suddenly, in my silence, I began to hear my rich dad saying, “The biggest challenge you have is to challenge your own self-doubt and your laziness. It is your self-doubt and your laziness that define and limit who you are. If you want to change who you are, you must take on your self-doubt and your laziness. It is your self-doubt and laziness that keep you small. It is your self-doubt and laziness that deny you the

life you want.” I could hear rich dad driving home his point, saying, “There is no one in your way except you and your doubts. It is easy to stay the same. It is easy not to change. Most people choose to stay the same all their lives. If you will take on your self-doubt and your laziness, you will find the door to your freedom.”

Rich dad had had this talk with me just before I left Hawaii to come on this trip. He knew I was probably leaving Hawaii for good. He knew I was leaving my home and a place I felt very comfortable in. He knew I was venturing out into the world without any guarantees of security. Now just a month after my talk with rich dad, I found myself sitting on this tall snow-covered mountain, feeling weak, vulnerable, and insecure, listening to my best friend telling me the same things. I knew it was time to grow up, or give up and go home. I realized that it was this moment of weakness on the mountains that I had come for. It was decision time once again. It was time to choose. I could let my self-doubt and laziness win, or I could change my perceptions about myself. It was time to move forward or go backward.

As I tuned back into Larry talking about freedom, I realized that he was not really talking about freedom. At that moment, I realized that taking on my self-doubt and my laziness was the most important thing I could do. If I did not take it on, my life would go backward.

“Okay, let’s do it,” I said. “Let’s set the goal to be financially free.”

That was New Year’s Day 1985. In 1994, Kim and I were free. Larry went on to build his company, which became one of *Inc. Magazine’s* fastest-growing companies of the year in 1996. In 1998 at the age of 46, Larry sold his company, retired, and took a year off.

Whenever I tell this story, the question I am asked is, “How? How did you do it?” I then say, “It’s not about how. It is about *why* Kim and I did it.” I go on to say, “Without the *why*, the *how* would have been impossible.”

What I think is more important than *how*, is the *why* we did it, and the *why* is because I wanted to challenge my own self-doubts, my laziness, and my past. It was the *why* that gave us the power to do the *how*.

Rich dad often said, “Many people ask me how to do something. I used to tell them until I realized that, even after I told them how I did something, they often did not do it. I then realized that it was not the *how*, but *why* I do something that is more important. It is the *why* that gives you the power to do the *how*.” He also said, “The reason most people do not do what they can do is because they do not have a strong enough *why*. Once you find the *why*, it is easy to find your own *how*. Instead of looking inside themselves to find their own *why* for wanting to become rich, most people look for the easy road to wealth. The problem with the easy road is that it usually ends in a dead end.”

That night, sitting in the cold mountain cabin listening to Larry, I found myself silently arguing with him. Every time he said, “Let’s set it as a goal, write it down, and create a plan,” I could hear myself arguing in response, saying such things as:

- “But we don’t have any money.”
- “I can’t do that.”
- “I’ll think about it next year, or once Kim and I get settled.”
- “You don’t understand our situation.”
- “I need more time.”

Over the years, my rich dad had taught me many lessons. One of the lessons was, “If you find yourself arguing with a good idea, you may want to stop arguing.”

That night as Larry went on and on about getting rich and retiring early, I again heard rich dad warning me about arguing against a good idea. Explaining further, rich dad said, “Whenever someone says something like ‘I can’t afford it’ or ‘I can’t do it’ to something they want, they have a big problem. Why in the world would someone say, ‘I can’t afford it’ or ‘I can’t do it’ to something they want? Why would someone deny themselves the things they want? It makes no logical sense.”

As the fire crackled in the fireplace, I found myself arguing against something I wanted. “Why not retire rich and retire early?” I finally asked myself. “What would be wrong with that?” My mind began to open slowly, and I repeated silently to myself, “Why am I arguing against the idea? Why am I arguing against myself? It is a good idea. I have talked about it for years. I did want to retire by 35, and now I’m almost 37 years old and I’m not even close to retiring. In fact, I’m nearly broke. So why am I arguing?”

Once I said that to myself, I realized why I had been arguing against a good idea. At the age of 25, I had planned on becoming rich and retiring between the ages of thirty to thirty-five. It was my dream. But after losing my Velcro wallet business the first time, my spirit was crushed and I had lost much of my self-confidence. That night sitting by the fire, I realized it was my lack of self-confidence that was doing the arguing. I was arguing against a dream I wanted.

I was arguing because I did not want to feel disappointed again. I was arguing because I was protecting myself from the pain that dreaming big dreams can bring if that big dream does not become reality. I had dreamed and failed. That night I realized that I was arguing against failing again, not against the dream.

“Okay, let’s set a big goal,” I said quietly to Larry. I had finally stopped arguing against

a good idea. The argument was still there, but I was not going to let the argument stop me. After all, it was only an argument I was having with myself and no one else. The little person inside me was arguing against the person who wanted to grow up and be bigger.

“Good,” said Larry. “It’s about time you stopped being such a wimp. I was really getting worried about you.”

The reason I had decided to do it was because I had found my why. I knew why I was going to do it, even though at that moment I did not know how I was going to do it.

How many of you have ever said to yourself, “I am sick and tired of myself”? Well that New Year’s Eve, sitting around the fire with Kim and Larry, I got sick and tired of my old self and decided to change. It was not just a mental change. It was a change that came from deep inside. It was time for a big change, and I knew I could change because I found out why I wanted to change.

The following are some of my personal whys—why I decided to go for retiring young and retiring rich:

- I was fed up with being broke and always struggling for money.
- I was tired of being average.
- When I was eight years old, I came home and found my mom crying at the kitchen table. She was crying because we were buried under a mountain of bills. I remember deciding at the age of eight to find the answers that could help my mom.
- The most painful why of all was the reality that I now had a beautiful young woman in my life, Kim. I had met my soul mate, and she was in this financial mess because she loved me. That night on the mountain, I realized that I was doing to Kim what my dad had done to my mom. I was repeating a family pattern. At that moment, I found my real why.

So those are my whys. I wrote them down that night and kept them in a secret place. Kim and I lived in a car for about three weeks after our money ran out. Things did not get better just because we made the decision to retire rich, but it was the reasons why that kept us going.

Things did not go well for Larry either after leaving the mountain. He had substantial financial setbacks in the late 1980s, yet his whys kept him going.

Find your why, and then you will find your how. As the old saying goes, “Where there is a will, there is a way.” For me, finding my will made finding my way possible. Without the will, the way would have been way too hard.

A suggestion: I learned years ago that passion is a combination of love and hate. Unless someone has a passion for something, it is difficult to accomplish anything. Rich dad used to say, “If you want something, be passionate. Passion gives energy to your life. If you want something you do not have, find out why you love what you want and why you hate not having what you want. When you combine those two thoughts, you will find the energy to get off your seat and go get anything you want.”

So you may want to start with a list comparing loves and hates. For example, I would create the following lists:

Love: Being rich; Being free; Buying anything I want; Expensive things; Having other people do what I don’t want to do.

Hate: Being poor; Being required to work; Not having what I want; Cheap things; Doing things I don’t want to do.

My suggestion is, create your own list of loves and hates. Sit quietly and find and define your loves and hates. Then complete the following exercise to find your “why”. Once completed you may want to show it to a friend who will support you in achieving your dreams.

Take a look at this paper with your dreams, goals, and plans on a regular basis, talk about it often, ask for support, be willing to continually learn, and before you know it, things will begin to happen.

Your Reason Why Exercise

The First Step to Becoming Financially Independent

So what keeps you going? What is it that motivates you to spend your precious time doing what it takes, to reach the financial life you want for yourself? The answer is: Your Reason Why.

What is a Reason Why? It’s that something in your soul that drives you to keep going when things don’t go according to plan. It’s that very personal prize at the end of the rainbow that inspires you and motivates. It’s your *raison d’etre*. It’s what will make you smile at just the thought of it.

Here are some good examples of other’s Reasons Why:

- I want to start that photography business I’ve always dreamed of.
- I want to write a screenplay.
- I want to be there every day when my kids leave for school and be there when they come home.
- I want to create a non-profit organization providing micro-loans for people in third-world countries.

- I want to run the Boston Marathon.
- I want to live in Paris and paint everyday.
- I want to travel around the world with my spouse on a sailboat... or yacht.

At first, as you begin developing your reason why, you may come up with reasons such as:

- I want to make more money.
- I want to be financially free.
- I want to retire.
- I want to buy a new house.
- I don't want to work at a job anymore.

These *are* reasons, but do they *inspire* you? Do they touch your heart when you think of them? Are these reasons strong enough to get you through the mistakes and setbacks you may encounter? Probably not.

When you get to your own personal reason why, it will excite that spirit inside of you. When you are down, it will pick you up.

One note: Your reason why will evolve as you evolve. When you achieve your reason why, enjoy it! Celebrate it! Then move on to your next reason why. Always keep evolving.

Discover Your Personal Reason Why

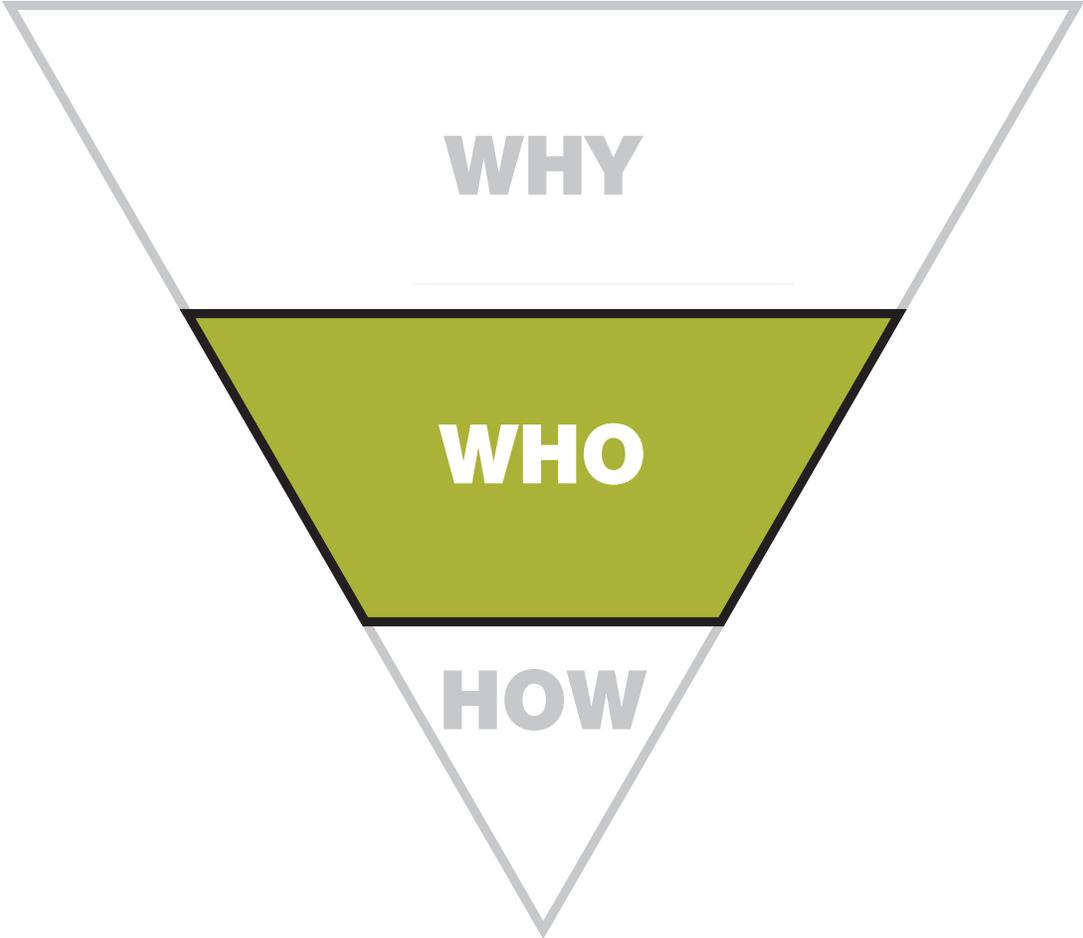
Everyone's reason why is different, but one thing we all share in common is a need to discover it.

First, find a quiet place with no distractions (that in itself could be a feat for many of us). Choose a setting that allows you to get in touch with your thoughts.

Secondly, carve out enough time to do this. Don't rush through this process. You may want to set aside a certain amount of time for so many days a week until your reason why is revealed to you. Your personal reason why may come to you right away – you may already know what it is – or it may take many quiet moments to discover it. Give yourself the luxury of taking all the time you need with this process.

Thirdly, this is a writing process. Don't think about what you're writing; write down whatever comes up. No one will see this but you (unless you choose to show it to others). This is not a test. There are no right or wrong answers. This is a process of self-discovery. Don't judge your thoughts; just write them down. Don't worry what others might think. Let your thoughts and pen flow. In many cases, it may feel like you're peeling the layers of an onion to get to the core of your answers, but the result will be well worth the effort.

Keep writing your response to each question until you feel complete, or you reach an "aha" moment of discovery.



WHY

WHO

HOW

Managing Your “Who”

Being is the “who” involved in your goal. It’s the “you” you need to be to accomplish your goal.

The title of this section is *Managing Your “Who.”* What does that mean? Remember when I was listening to Larry:

I listened to his words and heard what he said. But I could not fit what he said into my reality. I had talked about it, dreamed about it, and knew that someday I would do it. But the idea of being financially free was always an idea in the future, not today, so the idea did not fit. “Financially free?” I asked.

*The moment I heard **my voice**, I knew how much of a wimp I had become. **My voice** did not sound like the old me.*

Let’s write down the goal, create a plan, and then focus on the idea. Most people do not think about retiring until it’s too late, or they plan on retiring when they’re sixty-five. I don’t want to do that. I want a better plan. I don’t want to spend my life working just to pay bills. I want to live. I want to be rich. I want to travel the world while I am young enough to enjoy it.”

*As I sat there listening to Larry sell me on the benefits of setting such a goal, I could hear **the little voice inside me** telling me why setting a goal to be financially free and retiring early was unrealistic. It even sounded impossible.*

I mentioned the voice in my head three times. If I did not learn to manage that little voice in my head, I never would have been able to move forward with my goals. Sometimes the little voice is loud, sometimes it’s incredibly quiet. No matter how loud or quiet it is, if it’s not managed, its effects are real. I’ve found my little voice comes up in the form of six personal obstacles. By learning to recognize these personal obstacles, I’ve learned to overcome them and their voices. The six obstacles are:

1. Fear
2. Cynicism
3. Laziness
4. Bad habits
5. Arrogance
6. Disappointment

Obstacle 1: Fear

Fear of losing and making mistakes is the loudest voice. But fear isn't the real problem. It's how people handle fear that matters.

Rich dad would say, "The primary difference between successful people and failing people is how they handle fear." Rich dad often commented that the real reason for lack of financial success was that people played it too safe. The fear of failure and mistakes was stronger than the excitement of winning. Losing and mistakes are not bad if you have the right mindset. Losers are defeated by failure. Winners are inspired by it.

Learn from Your Mistakes

Most of us grew up thinking that mistakes are bad and should be avoided at all cost. We tend to correlate mistakes with low intelligence. The more mistakes you make, the dumber you are. In rich dad's mind, however, mistakes were opportunities to learn something new. "There's a bit of magic hidden in every mistake," he told me. "That magic is called learning." Instead of telling me how to avoid mistakes, rich dad taught me the art of turning a mistake into an opportunity to gain wisdom.

It's not easy to learn from our mistakes and setbacks. How we react to them tells us who we are. Here is a cast of little voices that describes different reactions to financial setbacks. Which voice is loudest in your head?

CHARACTER

THE CHARACTER'S LINES

The Liar

"I don't know how that happened."

The Blamer

"The customers are too stupid to buy my product."

The Justifier

"I didn't really want to be rich anyway."

The Quitter

"I told you it would never work. This is too complicated, I give up."

The Denier

"No. There's nothing wrong. What mistake? Things will work out."

After recognizing that you've made a mistake, it's difficult not to let one of these voices take over. So go ahead, bang your head against the wall. Lie. Whine. Complain. If you're ever going to accomplish your goals, however, eventually you need to let another voice, The Responsible Voice, take control of your thinking. The Responsible Voice asks, "What priceless lesson can I learn from this mistake?"

Think back on three financial mistakes you've made. What lessons can you learn from those mistakes? Take a few moments to record your thoughts.

MISTAKE	LESSON

Obstacle 2: Cynicism

All of us have some Chicken Little in us. You remember Chicken Little—the character in the children's fable who ran around the barnyard warning other animals that the sky was falling. Chicken Little had a doom-and-gloom attitude toward life. He was a classic cynic.

There are Chicken Littles everywhere, especially in the financial world. If you want to be rich, you need to stop listening to their clucking. The-sky-is-falling warnings from financial cynics are just a lot of empty noise. We hear that noise all around us—from friends, family, co-workers, and the media, and we tend to succumb to it because inside each of us there is a little bit of chicken.

Why should we ignore the cynics? Because cynics never win. They are do-nothing alarmists who spend all their time spreading fear. It's the people who read a situation correctly who end up winning—the analysts. Cynicism blinds you to opportunities, while analysis opens your eyes to possibilities. One leads to paralysis, the other to action.

How good are you at filtering out your cynical voice? Think of things you don't want to happen and things you do want to happen. If your I-don't-wants outweigh your I-wants, you may be letting doubt and fear close your mind instead of open your eyes.

Obstacle 4: Bad habits

When you pay your bills at the first of the month, do you have anything left over? Probably not. That may be the main reason you're struggling financially—you have bad habits. The worst financial habit is paying your creditors before you pay yourself. That doesn't mean you shouldn't pay your bills on time. What it does mean is that you should pay yourself first, even if you're short of money.

When rich dad told me to do this, I was perplexed. "How can you pay yourself first?" I asked him.

"It's all a matter of motivation," he replied. "Who will scream louder if they aren't paid—you or your creditors?" The answer was obvious: the creditors. "Precisely," he went on. "Creditors are bullies. And because they're bullies, the pressure to pay them will be so great that it will force you to seek sources of income other than what you're making working for someone else."

Rich Dad was right. What laziness won't get you to do, pressure will. By paying yourself first, you'll become mentally and financially stronger, and better equipped to vanquish the bullies.

Obstacle 5: Arrogance

Arrogance is ego plus ignorance. The ignorance is hidden behind the ego. Many people try to bluster their way through financial discussions when they don't know what they're talking about. They're not lying, but they're not telling the truth either. The world of finance is full of people who don't know what they're talking about.

In financial matters, it's easy to stumble over your own ignorance and fail. When you're arrogant, you believe that what you don't know is unimportant. In truth, what you don't know is as important as what you do know. Instead of arrogantly hiding your ignorance and bluffing your way to failure, start educating yourself for success.

The real measure of your arrogance is brutal honesty. In your heart, you're aware of what it is you don't know, no matter how well hidden from the world it may be. Go ahead, and admit your ignorance. Then instead of chastising yourself, get educated. Find the knowledge that will empower you to act wisely.

Obstacle 6: Disappointment

Do you react with disappointment when things don't go as you'd hoped? When I left the Marine Corps, rich dad recommended that I get a job that taught me to sell. He knew I was shy and that learning to sell would help me succeed.

For two years, I was the worst salesman in the company. My tendency was to blame my failure on the economy, or the product I was selling, or even the customers. Rich dad would say, “When people are lame, they love to blame.” To learn to sell, I had to face the pain of disappointment. Eventually I did learn how, and along with the skills of salesmanship came a priceless lesson—how to turn disappointment into an asset rather than a liability.

Many people turn disappointment into a long-term liability. “I should have known I would fail.” These are the words of people who have let disappointment stop them from learning. As you get ready to embark on your journey to financial freedom, I offer you the same advice rich dad offered me: “Prepare yourself for disappointment.” Why? If you’re prepared for disappointment, you have a chance of turning disappointment into an asset.

Preparing yourself for disappointment doesn’t mean you won’t still be upset and concerned. But if you’re prepared, you won’t beat up on yourself too hard. This is important, since being too hard on yourself will make you overly cautious about taking risks or trying new ideas. If you can face your failures, control your emotions, and use disappointment to learn new financial skills, you’ll flourish.

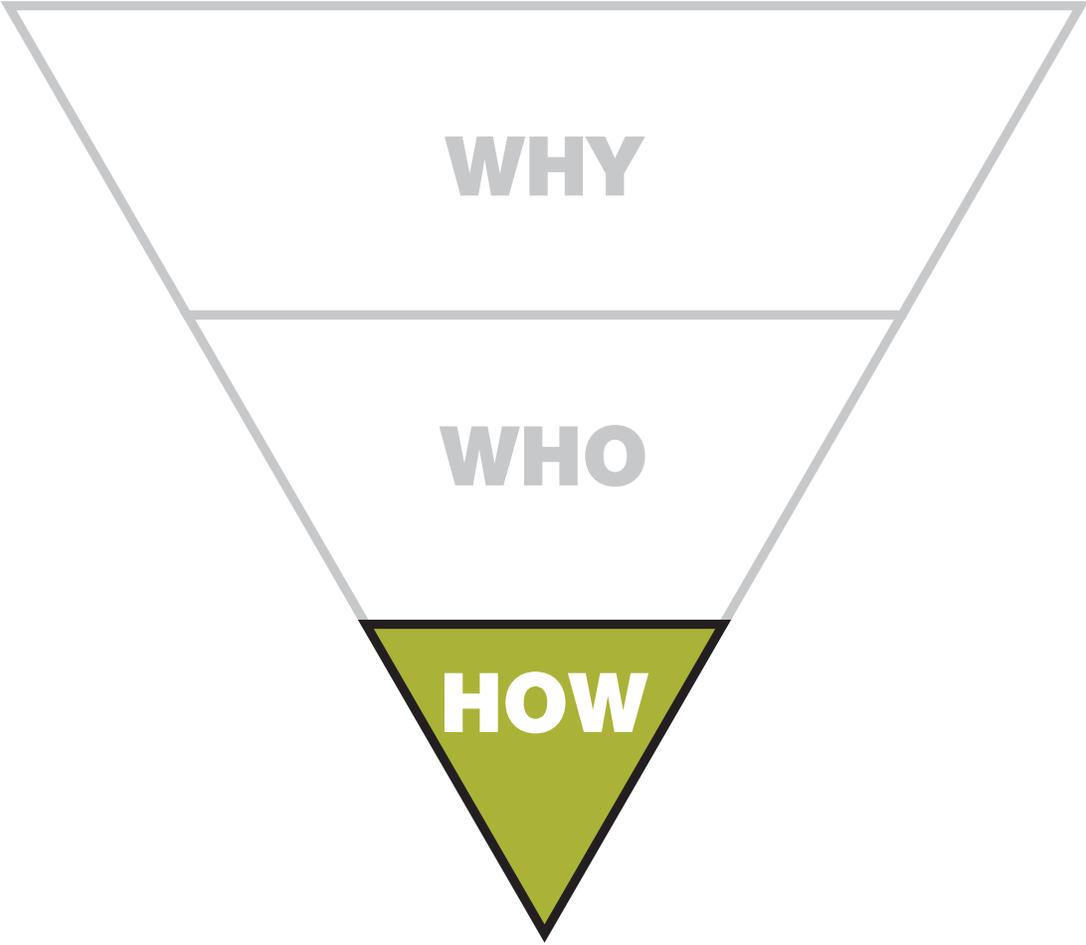
Change Your Mind, Change Your Life

If you’re harboring negative thoughts, you need to understand what they really mean. For example, if you tell yourself, “I can’t stop working and start my own business. I have a mortgage and a family to think about,” you might really be saying, “I don’t have time, and I’m too tired to learn anything new.”

It’s time to dig deep down and unearth your personal truths. Jot down the negative statements you whisper to yourself and, after some honest soul-searching, record the personal truth that lies beneath each.

Sometimes we let negative statements play over and over in our minds like endless mantras. Once you know the truth beneath your negative statements, talk back to them. Start an argument with yourself! Think of ways to counter each one.

If you’re having trouble identifying what’s holding you back, keep a daily journal. Once your negative ways of thinking become clear, then repeat this exercise. Don’t let buried thoughts sap your energy and motivation. Unearth them and free yourself to move forward.



Finally, the “How”

Rich dad often said, “Many people ask me how to do something. I used to tell them until I realized that, even after I told them how I did something, they often did not do it. I then realized that it was not the how, but why I do something that is more important. It is the why that gives you the power to do the how.”

All that is true, but then rich dad told me a story about three birds sitting on a fence. The question is, “If two birds decide to fly away, how many birds are left?” The answer is, “Three birds are left.” The lesson is, just because you decide to do something does not mean you will do what you decide to do.

So the “Why” and the “Who” still require you to take action. The reason most people do not do what they can do is because they do not have a strong enough why. Once you find the why, it is possible to accomplish your how.

How to Create Your Goals

One of the great pleasures of my life is having best friends as business partners. In my life Ken McElroy is one of those rare persons. Ken is a Rich Dad Advisor writing on real estate. One of the things I like most about Ken is that he is extremely generous with his knowledge. Not just his real estate knowledge, but knowledge explaining how he thinks.

Ken is an expert at setting goals and I’ve learned a lot from him. I’ve asked Ken if he would share his techniques here. He did a step better. Ken allowed me to take an entire chapter from his book about goal setting.

You Must Have a Goal by Ken McElroy

Goal-setting is step number one. But how do you set a goal? What does a realistic goal look like? How do you set up milestones to achieve it?

Goal power can be your key to success. When I first started out, I had a goal. I wanted to be my own boss. I was tired of working for someone else, and wanted to start some sort of business on my own. Admittedly, I never actually wrote down my goal in those early days, and I didn’t tell too many people either. In fact, I barely verbalized it to myself. More accurately, I felt it.

It wasn't until years later that I really understood goal power, the power you feel when you've set a target and you concentrate all your efforts on hitting it. It makes you focused. It makes you decisive. And ultimately it makes you successful. I don't know if anyone else before me has used the term "goal power." It just seemed to accurately communicate a fact that's important right now - that having a goal makes you powerful.

What's a Goal?

A Goal is Something You Plan to Achieve

Simply stated, a goal is something you plan to achieve. Maybe your goal is to buy one investment property in a twelve-month period. Or maybe you want to earn \$5,000 per month in income within two years.

Whatever goal you set, make sure it is something you plan to achieve. Nothing is more valueless than a goal that sits on a shelf and never receives any action. Those are simply dreams. There's no real power in dreams unless they are acted upon.

Your Goal Should Be Measurable

Your goal should be measurable. My goal of wanting to be my own boss wasn't really a good goal. As I said, it took me years to learn how to set goals and to take advantage of the power they harness. A much better goal for me would have included a time limit, say within one year, to become my own boss, or an earnings level, like earning \$75,000 per year.

Goals that are vague are hard to attain and are even harder to stick to. If there is no time limit, dollar amount, or rank comparison, for example, how will you know you have "arrived?" It's virtually impossible. One real estate investor I know has a very measurable goal to acquire one two-unit property per year. Another has a goal of acquiring ten homes a year. The point here is that the goals are achievable and measurable. What will your goal be?

Your Goal Should Be Measurable Attainable

Goals must be realistic and attainable. Otherwise, they will either be shelved and never acted on, or modified midstream to something more realistic. Goals that are set too high can trigger feelings of failure if not attained. On the other hand, they can be exhilarating if actually achieved.

My first goal of becoming my own boss was very achievable looking back on it. But at the time it seemed like an ambitious dream. After all, I had a steady job that paid for my

car, my house, and my lifestyle. Deciding to give all that up was frightening, but I knew it was something I had to do. The goal, while lofty, was not impossible. And that gave me hope, motivation, and a desire to achieve it.

Setting Your Goal

Goal-setting requires you to be honest with yourself and reflect on what you really want in life. That means taking the time to think about what you want for yourself and your family right now, in the years ahead, and long into the future. It may even include aspirations you have for your children. If you think this level of goal-setting is a waste of time, you may want to reconsider.

I learned about two fantastic goal-setting programs. The first program is called *Strategic Coach*, which is founded and run by Dan Sullivan. This program is centered on the seven laws for experiencing continued personal growth and helping you develop a life plan. Strategic Coach meets with you every quarter to see how you are doing to achieve your goal.

The Strategic Coach Seven Laws of Lifetime Growth

1. Always make your future better than your past.
2. Always make your contribution bigger than your reward.
3. Always make your learning greater than your experience.
4. Always make your performance greater than your applause.
5. Always make your gratitude greater than your success.
6. Always make your enjoyment greater than your effort.
7. Always make your confidence greater than your comfort.

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There's another terrific program called *Setting Family Goals* by Charlie and Barbara Dunlap. This program focuses on balancing your marriage, family, and business. Think about it. How much time do you spend planning your workday? How much time do you spend planning your family or your marriage? If you were like me, planning work was at the top of the list and I spent very little time planning my family goals.

After meeting with Charlie and Barbara Dunlap, I now have a solid plan for my marriage, my family, and my work. Work is now in third position, behind marriage and family. Once I developed a marriage and a family plan, I actually became a better businessperson because my personal goals integrated with my work goals.

Charlie and Barbara say your goals should be general, but it is the specific to do's and the objectives that need to pass the SMART test.

- **“S” Specific**
- **“M” Measurable**
- **“A” Agreed upon in writing**
- **“R” Realistic**
- **“T” Time activated**

Charlie also happens to be my personal mentor. Strategic Coach, Charlie and Barbara Dunlap, and a host of other similar organizations enroll thousands into their programs every year. People are setting goals and shaping their lives...intentionally. If you think this is crazy, know there are whole industries built on this, and people everywhere are using goal-setting to make their dreams realities.

It's been said, "A goal not written down is a wish." I've also heard, "A goal is nothing more than a dream without a time limit." I made a decision a long time ago not to risk my future on wishes and dreams. Instead I got smart and set goals with the help of people like Charlie and Barbara. These are the people who are setting courses for their lives and living them. Sure there will be bumps in the road and sometimes they will get off course—even change their courses purposely along the way. But the bottom line is that their goals empower them.

Your Goal May Evolve Over Time

After many years of working for myself as one of the two principal owners in Arizona-based MC Companies, the real estate investment firm my partner and I still own today, I began to discover that my goal had evolved. I wanted to be more than just my own boss. I realized that I wanted freedom. Freedom financially to do the things in life I wanted to do—like spend time with my children, coach Little League, and travel with my family. I knew this goal could only be attained through the accumulation of wealth, wealth that would appreciate over time. So my partner and I, in addition to managing properties, began investing in them as well. Today, I have a measurable goal related to financial freedom. I'm not there yet, but I'm working on it!

There's nothing wrong with a goal that evolves over time, unless you are changing your goal every time you hit a roadblock. That's called avoidance. Over time as you are working to achieve your goal, your experiences will make you smarter. You may even see things a whole new way. Your goal may shift as a result of new awareness. My first goal was to be my own boss. That evolved into a goal of financial freedom. Now my goal is to help others who want to do the same.

Make Yourself Accountable to Somebody

When I set a goal for myself a few years ago to get back in shape, I knew I'd have a better chance of succeeding if I had a partner. You know, someone who I'd meet at the gym every morning. Someone who would egg me on to do just one more set on the bench press machine. Someone who I knew, on those mornings when I just didn't feel like running, would be waiting for me up the road at 5:30. This is accountability and goals are easier to attain when there are one or more people supporting and encouraging you.

At MC Companies I have my partner, Ross McCallister. Ross and I help each other stay on course with our five-year strategic plan. We also share the plan with the entire company of over 200 employees. By including everyone in the vision, everyone knows how they fit in. We're also accountable to one another, and we're all working in the same direction.

The person or persons you are accountable to could be a business associate, a friend, your husband or wife, even your investors and employees. The important thing is to find a person who is encouraging and supportive of your venture. That's not to say you're looking for a person who never challenges your decisions. On the contrary, you're looking for a person who is based in reality and supportive of your dream.

Achieving Your Goal

Setting your goal is certainly an important first step, but what you do after that really defines the level of success you will ultimately achieve. Achieving my goals meant I had to do four things really well: Communicate, plan, persevere, and stay focused. Let's look at these important concepts in more detail.

Communicate Your Goal Clearly

If you have "goal fear"—the fear of telling anyone your goal in case you don't achieve it—get beyond it. When you have your goal set on paper and burned into your psyche, tell everyone. Tell your real estate agent, tell your attorney, tell your friends, family members, business associates, I mean everyone. These are the people who will help you attain it. And just in case I haven't made it clear yet, goals are never achieved alone.

Here's an example of a hypothetical goal:

We will acquire one eight-unit property in your metro area within the next twelve months that will generate at least \$4,000 of average annual income over the next five years.

That's a goal. It's measurable and it's clearly defined. It's certainly attainable. All that is really left is to make it happen. Contrast that goal with this uninspired and non-motivating goal statement:

I want to invest in some real estate and am looking for a good rental property deal that will supplement my income.

This goal is extremely vague. It's hard to realistically attain and difficult to execute. And forget about communicating it! But unfortunately, that's how most people set and communicate goals, if you can call this statement a goal. It really sounds more like a pipe dream.

If you share a goal as written in the first example with a few real estate agents, a few mortgage brokers, and some property managers, I know you will get calls. They will bring you opportunities because they can tell you are serious, that you know what you want, and that you have a set time limit. If you go to the same group with the goal as written in the second example, they will probably not respond at all because they don't know how. There's nothing there for them to sink their teeth into. Few, if any, opportunities will come to you; instead, you'll be forced to find opportunities yourself. And given the vagueness of the goal, you have a lot of work ahead of you.

Communicating a goal effectively puts you in the driver's seat. In the first goal example, you're in charge. In the second goal example, if any real estate agents respond to you, they will be showing you the properties that are in their interest to sell, not necessarily in your best interest to buy. That's a dangerous position.

You'll know whether or not your goals are concrete by listening to what you say. Should you find yourself saying phrases like, "If you hear of anything, let me know," or "Tell me if you see anything that looks good," then you need to define your goal further. Those phrases are tell-tale signs of vagueness.

Plan and Set Milestones

Once you have defined your clear, measurable goal, you'll also want to lay out the path you plan to take to achieve it. That means drafting a plan and setting milestones so you know when you've achieved important steps along the way.

There are fundamental milestones that relate to personal behaviors and financial freedom. What behaviors should we change or eliminate?

Behavioral Change To-Do List

- Taking the same route to work every day
- Hour-long lunches
- Watching TV every night

By changing these three simple behaviors you are setting milestones that help you achieve your goal. Taking a different route to work gives you new scenery and helps you learn about the market and the properties within it. It helps you understand traffic patterns and gives you new perspective on new areas. Using half your lunch hour to eat frees up the other half to make phone calls, meet with your team, and even visit properties. And in case you're a numbers person, a half-hour per weekday adds up to ten hours per month! Finally, eliminating TV, or at least reducing your viewing time, frees up countless hours in the evenings to work on your business. Look at your own behaviors and modify them to achieve your goals.

How much money do you need to make to be financially free and what are you going to do to make it happen?

Financial Freedom To-Do List

- Add up your personal expenses
- Determine what you can reduce, eliminate, or do without
- Figure out how many properties you need to buy to cover the total

Persevere and Drive Through All Obstacles

If you've ever been part of anything entrepreneurial or even if you ever built something from scratch, then you know endeavors such as these take twice as long as you think, require twice as much work, and cost a lot more than you expected. Those are facts of life, so I am never surprised when they prove to be true. Every project brings obstacles with it—things that make work work, if you want to look at it that way, or things that keep work interesting. I prefer the latter.

Keep Your Focus

There's a funny thing about goals and success. The closer you get to achieving your goal and the more successful you become, the more opportunities will come your way. You'll be tempted on almost a weekly basis with new properties and other business opportunities that promise to increase your revenue. The "sure things" will come out of the woodwork.

At least this is how it was and still is for me. All these opportunities are great, but you can't let them steer you away from your goal. As opportunities present themselves, ask yourself, "How many balls do I want to juggle? If I take on this project can I manage ten more balls in the air? And more importantly, will taking on this project get me closer to achieving my goal?"

If your goal is to buy an eight-unit property and earn an average of \$4,000 per year in the next five years, will a hot deal on a single-family home get you closer to achieving that? No it won't, and in fact, it will divert your attention from the original goal and certainly not net you \$4,000 per year in income over the next five years. If you are set on your goal—and you should be—sometimes it means passing up great deals that don't support it. *Focus equals discipline.*

Goal setting is not an option. It is a requirement for success.

S.M.A.R.T. Goals Exercise

Remember, goals should be general, but it is the specific to do's and the objectives that need to pass the SMART test.

- **"S" Specific**
- **"M" Measurable**
- **"A" Agreed** upon in writing
- **"R" Realistic**
- **"T" Time** activated

1. Write your first goal using S.M.A.R.T.

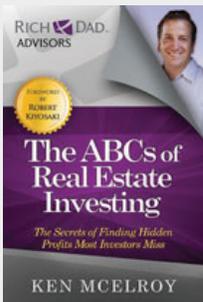
2. How will you use this goal?

3. When must your goal be accomplished by?

4. Who will hold you accountable? The more people the better.

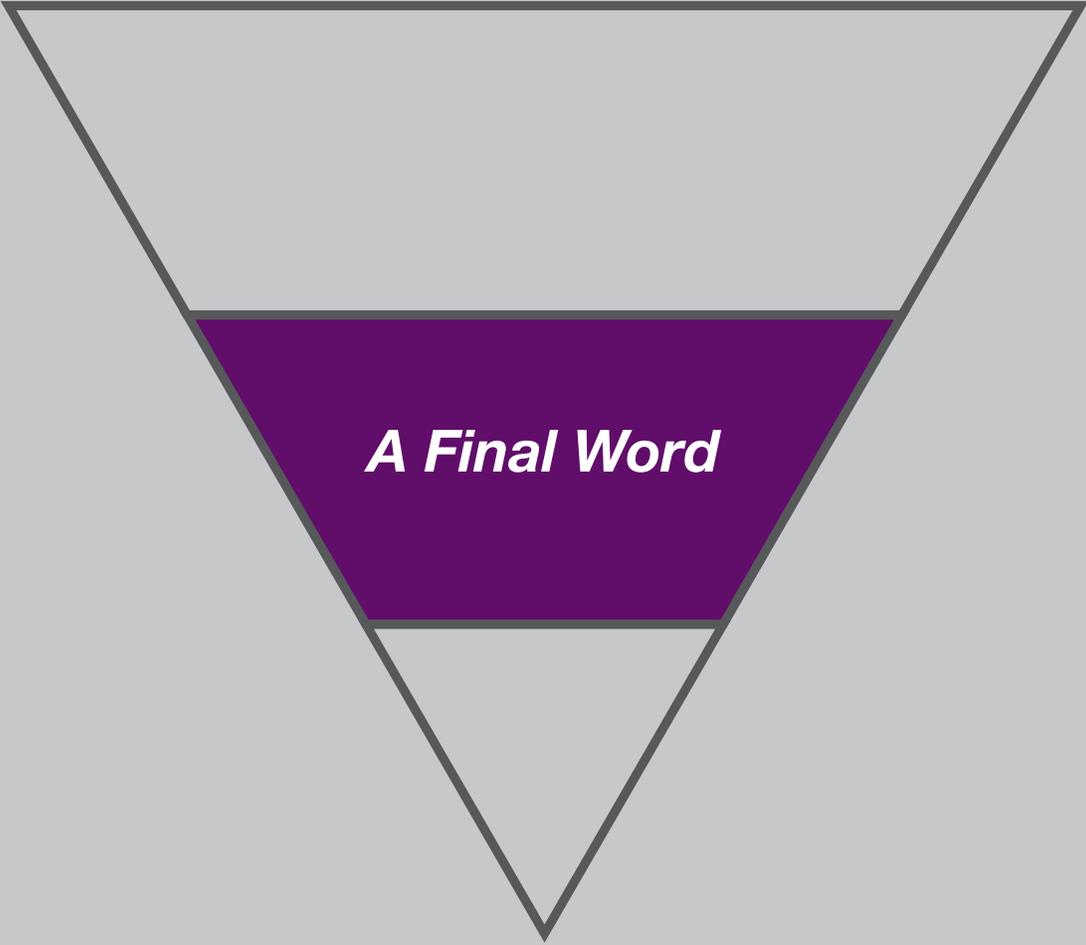
5. List the behaviors you must change to accomplish your goal. How will you make these behavior changes?

About Ken McElroy



Ken is one of Robert Kiyosaki's Rich Dad Advisors, and author of the best-selling books *The ABC's of Real Estate Investing*, *The Advanced Guide to Real Estate Investing*, and *The ABC's of Property Management*. He is also a contributor for *The Real Book of Real Estate* by Robert Kiyosaki as well as *Midas Touch* by Donald Trump and Robert Kiyosaki. Ken's fourth book, *The Sleeping Giant*, is dedicated to the new class of entrepreneurs that has emerged in today's economy. McElroy, Ken (2012-03-25). *The ABCs of Real Estate Investment: The Secrets of Finding Hidden Profits Most Investors*.

To read more from Ken's book, *The ABC's of Real Estate Investing*, <http://store.richdad.com/The-ABCs-Real-Estate-Investing/> or [click here.](#)



A Final Word

A Final Word

In the end, the reward of your journey is not only freedom, but also the confidence you gain in yourself—for they are really one and the same.

The reason most people stop and turn back from their dreams is that the tiny person inside them beats the person who is bigger. Work daily to be bigger than your smallness. Even though you may not be good at everything, if you keep on striving, your world will change. Never run from what you need to learn. Face your ignorance, your fears, and your doubts. Make mistakes, and then learn from them.

Having studied this program, you've received an education that can help you change your approach to life. This is my way of giving back.

I hope that you've also learned more about yourself—about your attitudes, your avoidance of change, and your tolerance of risk.

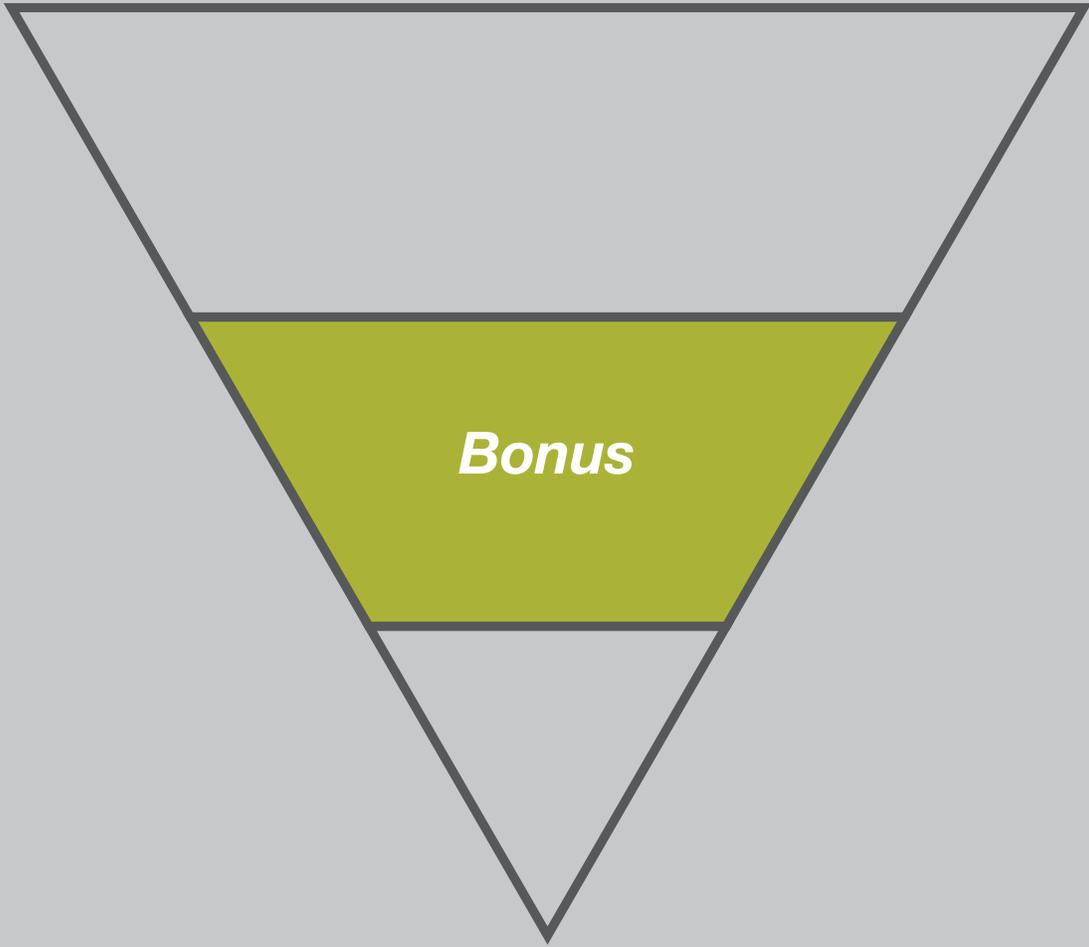
This is just the beginning. There are many complex lessons to digest. Give yourself time to learn and relearn the steps. Remember, I've spent a lifetime learning these lessons. But while it's important to proceed at your own pace, don't use learning as an excuse to procrastinate. The best teacher of all is experience. Don't be afraid to make mistakes. Make a mistake, learn from it, and go out and try again. You'll never master a skill or strategy until you've actually put it to use.

No matter what you choose to do, though, you'll be better off tomorrow for having used this program inspired by my rich dad. Go ahead; seize the opportunities out there!



Robert Kiyosaki

***“Goals have to be clear, simple, and in writing.
If they aren’t in writing and reviewed daily,
they aren’t really goals. They’re wishes.”***



Bonus

Bonus #1

F.O.C.U.S.

“Concentrate all your thoughts upon the work at hand.

The sun’s rays do not burn until brought to a focus.”

—Alexander Graham Bell

Focus in Battle, in Business, in Life - Robert Kiyosaki

In June of 1971, I walked out to the flight line where my aircraft waited. This time there was something very different about that helicopter. It wasn’t the same aircraft I had been training on for the past two years. On this day, my aircraft was fitted with rocket pods; four side-mounted, pilot-directed machine guns; and two machine guns for the door gunners. My real reason for training as a pilot was becoming all too real. My aircraft had changed, and that meant I had to change, too.

A War Story

It had taken me two years of intense training at Naval Air Station, in Pensacola, Florida, to become a pilot. In April of 1971, I was finally awarded Navy/Marine wings of gold. It was one of the proudest days of my life. After graduation, I drove across the country to California to begin advanced training at Camp Pendleton, a massive Marine Corps Base about 50 miles north of San Diego.

Only a few of us were assigned to gunship school to fly Huey Guns and Huey Cobras. At Camp Pendleton, we were being trained for air-to-ground combat, which meant we were being trained to fly at extremely low altitudes. Rather than fight aircraft in the sky, we were training to fight men on the ground. I learned that the survival rate of gunship pilots in Vietnam was estimated to be 31 days and was declining as the enemy gained more experience and more modern equipment. Training got pretty serious, fast.

Wake-Up Call

The first day my aircraft was fitted with guns and rockets was my wake-up call. Up to that day, I had always been a “C” student. All the way from elementary school through high school, military school, and flight school, I was chronically average.

I know now that I was average because I was lazy and bored. But then I knew the school system graded on a bell curve and that in every class there are kids labeled smart, average, and stupid. There are a few smart kids at the top, a few stupid ones at the

bottom, and the bulk are the average kids in the middle.

Happy to be in the middle, I rarely studied. I quickly figured out that, to stay in the middle, I had to do two things:

1. Know who was more stupid than I was. As long as there were some students below me, I knew I was safe.
2. Figure out what the teacher thought was important, memorize those points, and take the test.

In most cases, this method of study and observation kept me in the middle, a solid “C” student. I am not proud of my actions, but this is how I got through school without studying. In June of 1971, walking out to my aircraft, now loaded with rockets and machine guns, my days as a “C” student came to an abrupt end. Being a “C” student would get me and my crew killed.

In January of 1972, a little more than six months later, I was stationed onboard an aircraft carrier off the coast of Vietnam. A few weeks later, while on a mission north of Da Nang, the first rounds of enemy fire flew from a hilltop toward my aircraft. My crew chief, on his third tour in Vietnam, tapped me on my helmet, then grabbed my facemask, turned my head so he could speak to me face-to-face, and said, “Do you know what the bad thing about this job is?”

Shaking my head, I said, “No.”

Without smiling, he shouted, “Only one of us is going home today. Either he goes home or we go home. But we aren’t both going home.”

Let’s Focus on Focus

Aside from my laziness, I did not do well in school because I could not focus. If you look up the definition for ADD (Attention Deficit Disorder) in the dictionary, my picture should be there. I have the attention span of a gnat sometimes. I simply cannot focus on subjects I am not interested in. School was boring and I hated being there. When the surf was up, I grabbed my surfboard and went surfing. At least the waves managed to hold my attention.

Transitioning from pilot to gunship pilot was good for me. I had to become a real student. I had to learn. I had to focus, not just for the sake of preserving my own life, but also for the lives and families of my crew. Just as surfing large waves forced me to focus, so did combat. In combat, there is no second best. In a strange way, war brought out the best in me. So does entrepreneurship.

Focus Is Power

Focus is a simple word, and, because of that simplicity, it is often abused, not respected. It's misunderstood. What most people miss is that focus is power. People who can focus have the ability to gather all their abilities and focus on the task or goal at hand. Focus is essential to success, and successful people are people who can focus.

We all know people who lack direction in life. They lack focus. We all know people who quit when the going gets tough. They allow little setbacks, such as running out of money, to stop them. Most people actually never start, allowing their fear of failure to stop them from taking even the first step.

We all know people who say they are going on a diet, but quit as soon as the chocolate cake is cut. The same goes for exercise. They exercise for a week, then quit and go drinking to relieve the pain in their muscles.

And we all know people who want to be rich, but let excuses such as, "I don't have any money," to stop them. And we all know people who would love to quit a job they hate, yet let the excuse, "I have bills to pay," keep them suffering eight-plus hours a day. Health, wealth, and happiness are reflections of a person's ability to focus. It's the ability to focus their personal powers to achieve what they want in life.

Focus on Getting Yours

People can develop focus, and people can improve their focus. I'm living proof. Getting through flight school and becoming a pilot required focus. Becoming a gunship pilot required the kind of focus I didn't think I had. The ability to fly a powerful aircraft just above the jungle, and to concentrate on a machine gunner on the ground who was trying to kill us while we tried to kill him, required extreme focus. If my enemy's focus was greater than my focus, he went home; my crew and I would not. Today, I use the same power of focus in my businesses, in my diet, and when I go to the gym. If I say I am going to do something, it is my ability to focus that gets the job done.

We all focus on different things. That is what makes us different. Many people fail to do well as entrepreneurs simply because their life's primary focus is on security and safety. Many "A" students focus on achieving good grades simply because they want job security. Most employees want the certainty of set hours, set pay, set benefits, weekends off, and guaranteed retirement. The world of security brings out the best in them. The world of uncertainty brings out the best in others.

Focus Defined

I like to think of the word FOCUS as *Follow One Course Until Successful*. My favorite two words of that acronym are these: *Until Successful*. Focus is absolutely essential and it must be about bringing out the best in you.

Focus is also power *measured over time*. For example, it is easy for me to stay on my diet from breakfast to lunch. But to stay focused for years on the diet is the true power of focus. I have gone on diets, lost weight, gained it back, and had to lose the weight again. That is the lack of focus over time.

Focus also means staying successful beyond the goal. This means hanging on to the money after you make it, or keeping the weight off after you lose it.

Success eludes millions of people simply because they lack the power of focus. When people are in a focused state, the words, “I can’t,” “I’ll try,” “I’ll do it tomorrow,” and “Maybe” get forced out of their vocabularies. In many ways, being focused means “do or die” and “for as long as it takes.” When the going gets tough, many people lose focus and quit. They look for something easier to do. And worst of all, most people never start because they allow the words “I’ll try” and “tomorrow” to dominate their thinking.

Have you noticed that people who lack the power of focus often lack direction too? They wander, going from one thing to another. To make matters worse, in the world of investing, many so-called financial experts recommend people diversify their investment portfolio rather than focus on high-performance assets. This is why many investor portfolios fail to deliver high returns or are wiped out in a market crash. Again, they lack focus.

Fact: Life Isn’t Easy

Another reason why many people fail to succeed is because they focus on an erroneous belief that life is easy. Because of that, they always choose the easy road. They follow the advice that is easy and they focus on small goals, easy goals. Hence they stay small. My rich dad often said, “Successful people focus on goals that are bigger than themselves. A person who has \$10 focuses next on \$100. When they have \$100, they focus next on \$1,000. Focusing on bigger goals creates bigger people.”

Rich dad also warned against becoming a foolish dreamer. By this he meant that many people set foolish goals, goals that are far bigger than they are. I’m talking about people who have no sense of money at all and they dream of becoming a millionaire. No knowledge, no plan, but somehow it will miraculously happen. Rich dad said, “Dreams

without education, plans, mentors, and actions create delusional people, also known as dreamers.”

When I lost everything in my first business, my focus was on paying back the nearly \$1 million that I owed investors. I focused on the smallest investors first, paid them back, then the next bigger investor, and so on. Those were the first few steps in our plan. It took years to climb out of that hole, but it was worth the trip because we grew smarter as we paid off bigger investors.

From that, Kim and I created an audio CD and workbook, *How We Got Out of Bad Debt*, for those who want to follow our formula.

When Kim and I got married in 1986, we did not focus on becoming millionaires. While we had our dream of becoming millionaires, we focused first on \$100 a month cash flow from investments. Once we had that, we focused on \$1,000 a month, then \$10,000, and so on. Those first few goals may sound small, the opposite of what I’ve been talking about. But when you are underwater by almost a million dollars, coming out with \$100 positive every month was a very big goal for us.

The point is that Kim and I had our dreams, but we never lost our focus. And we kept increasing our goals as we grew. In other words, our focus caused us to grow. A lack of focus is for people who are comfortable and either want to stay the same or grow smaller.

Focus Requires Education

When I knew Vietnam was my next stop, I became a true student for the first time in my life. I wanted to learn because I had to learn. Not only was my life on the line, but so were the lives of my crew. I feel the same way today as an entrepreneur. My most important job is to protect the jobs of my employees. When I fail to do that, which I have a number of times, a little bit of me dies.

I was a “C” student in school, rarely studying and always goofing off, but in business, I cannot afford to be a “C” student. I must constantly study, read books, attend seminars, and seek new ideas. Most importantly, I seek wise men and women to guide me.

At Camp Pendleton, I realized that not all instructors are the same. There are different types. At flight school in Florida, the instructors taught me to fly. At Camp Pendleton, the instructors taught me to kill or be killed. I had to go far beyond the simple skill of flying.

I carry that lesson from Camp Pendleton with me even today. I choose my teachers carefully. In high school, I had no choice over my teachers. If I got a bad teacher or a teacher I did not respect, I was in trouble. More than being a waste of time, a bad or incompetent teacher messed with my brain, my thoughts, and then my actions. Today, I

don't let that happen. As an entrepreneur, I choose my teachers carefully, very carefully. I am extremely cautious of the people with whom I spend my time and to whom I listen.

Once you focus on your life's objectives, you need to focus on your instructors to make sure they are qualified to teach you what you want to know. They should have already been where you want to go and have lived to tell about it. Today, my company, The Rich Dad Company, makes sure our instructors, coaches, and mentors are successful in the real world of business. They have lived it and continue to live it.

A Final Thought

Becoming a gunship pilot taught me to focus and go beyond my doubts, fears, and limitations. The lessons I learned in combat I still use today as an entrepreneur. It is not that I am fearless. I have a lot of fear, as much fear as anyone else. Courage is not the absence of fear. Courage is the ability to act effectively, in spite of fear. Courage is a spiritual power we all possess. It is the power over the fears that limit our lives. Focus combined with courage gives us the power to go beyond who we are, achieve what we say we will achieve and, in the process, become the person we want to become.

Distilling It Down: Focus

Can you follow one course until successful? Even if the going gets tough, can you remain focused on the right things?

Ask yourself: How developed is my ability to F.O.C.U.S. (*Follow One Course Until Successful*)? Take a moment and do a quick self-assessment by asking yourself these questions:

- How long can you keep going when times are tough?
- How easily distracted are you?
- What are some of the projects you have developed out of nothing?
- Can you keep going, even when you doubt yourself?

Without focus, it's just about impossible to be successful at anything.

Where is Your Focus?

The CASHFLOW Quadrant refines and redefines people's focus:



My poor dad was a schoolteacher who repeatedly reminded me to focus on getting a job with a good company (becoming an E or employee) or to focus on getting good grades so I could practice as a professional (becoming a highly paid S, which stands for self-employed or specialist).

My rich dad advised me to focus on business ownership (B) and investing (I). Let's define E, S, B, and I in a bit more detail.

The E stands for EMPLOYEE. Employees can be anything from the janitor or receptionist of the organization to the division manager and CEO. Employees often are looking for “a safe, secure job with benefits.” This is the definition of the “employee mindset.” This mindset causes employees to focus on job security, steady paychecks, time off, benefits, and promotions.

The S stands for SELF-EMPLOYED, SMALL BUSINESS, SPECIALIST.

When most people quit their jobs and start their own businesses, most move into the S quadrant. They have successfully changed their focus from a steady paycheck, security, and benefits (the focus of the E quadrant) to focusing on being their own boss and doing things their way. The mantra of most people in the S quadrant is, “If you want it done right, do it yourself.”

I always say the S stands for “smart,” which is why many doctors, lawyers, and accountants become typical high-income inhabitants of the S quadrant. Other typical professionals in the S quadrant are real estate brokers, business consultants, shop owners, and most home-based businesses.

The B stands for BUSINESS OWNER. People in the B quadrant often pay the least in taxes, if they pay anything at all. Unlike S's who prefer to do the work themselves, B-quadrant entrepreneurs are looking for good people who can do

the work for them. They strive to use other people's talents and other people's time (OPT). Most of the time, B-quadrant entrepreneurs look for the best E's or S's they can find to operate their businesses.

The I stands for INVESTOR. Many employees in the E quadrant have a retirement plan included in their benefit package. In the United States, the most popular plan is called the 401(k). Most self-employed in the S quadrant have an individual retirement account (IRA) or other retirement plan designed for small business owners. While participating in these retirement plans technically means E's and S's have investments, it does not make them investors, by rich dad's definition. With those vehicles you are investing and presumably making money, using your own money. Professional investing is making money using other people's money (OPM). That's the difference, and it is what separates the rich from the middle class.

Which Quadrant Is Best For You?

Your job is to now focus on which quadrant is best for you. Which one will allow you to fulfill your dreams?

Each quadrant requires different skills and teams, more experience, and greater focus. When you leave the safety and security of the E quadrant, keep your focus, no matter what is thrown at you. If you can survive, keep your focus, and eventually thrive in worlds of the B and I quadrants, you will enter worlds of wealth, success, and power.

Set your sights, and aim high. You never know what you can achieve until you focus on achieving it. Ask yourself honestly: If you had no barriers, how big would you want to be? Now that you know, why sell yourself short? Everything is possible in our highly connected world, once you give yourself permission and focus.

Bonus #2

Nine Points to the Goal of Financial Freedom

Point 1: Identify the Deep-seated Reasons You Want to be Rich

Most people say yes when asked if they would like to be rich or financially free. But then reality sets in. The Yellow Brick Road seems too long, with too many dangers along the way. It seems easier to work for money, and then just hand the excess to a broker.

To stay on the road to riches, you must have some deep-seated reasons propelling you forward. When people ask me why I wanted to be rich, I recite the list of deep “wants” and “don’t wants” that drove me on. I didn’t want to work all my life, for example. I didn’t want what poor dad aspired for, which was job security and a house in the suburbs. I wanted to be free to travel the world and live the lifestyle I loved. I wanted control over my time and my life.

Point 2: Choose Daily to be Rich

Most people choose not to be rich. For 90 percent of the population, being rich is too much of a hassle. “I’m not interested in money,” they say, or “I’ll never be rich,” or “I don’t have to worry. I’m still young.” Indeed, people who think that making money is too much of a hassle never will make it. They’re sealing their own fate by robbing themselves of their two most precious assets: time and an open mind to learn.

Every day you choose what to do with your time, and every day you choose what information you put in your head. You can watch TV all day long, play golf, read decorating magazines—or become financially educated. I’ve talked about the importance of financial literacy. The issue to ponder here is the amount of time it takes to become literate. What you do with your time now will shape what you do with your time when your working days are over. When you retire, will you be pursuing your interests—or sitting at home fretting over medical bills that Medicare hasn’t covered?

Point 3: Select Your Friends Carefully

The power of association is strong, so select your friends carefully. I’m not suggesting that you select them for their financial statements. I have friends who’ve taken the vow of poverty as well as friends who earn millions every year. I learn from them all. What I’m saying is that you don’t want to spend too much time around financially frightened people—the Chicken Littles of the world. They’ll always tell you the sky’s going to fall. If you really want to be rich, cultivate friendships with successful people, ones who seek out and talk about opportunity. These are the people who will become your mentors and who will help you meet your financial goals.

Point 4: Find Heroes to Emulate

When it comes to investing, too many people make it sound hard. Instead of listening to the naysayers, find heroes who make it look easy and listen to their stories.

Emulating heroes is learning at its best. When I was a kid playing baseball, I was full of admiration for Willie Mays, Hank Aaron, and Yogi Berra. They were my heroes and I learned everything I could about them, their stats and their style of playing, which improved my own game even if it didn't catapult me to the major leagues.

Over the years I have developed new heroes. Today I learn everything I can about people like Donald Trump, Warren Buffett, and Jim Rogers. I know their "stats" through and through—their successes and their style of investing. For example, I follow what Warren Buffett invests in and read about his point of view on the market. And I follow Donald Trump's business deals, trying to discover how he negotiates and puts them together.

When I first started negotiating real estate deals, I subconsciously acted with the bravado of Trump. When I was analyzing a trend in the stock market, I would recall Warren Buffett and look at the trend as if through his eyes. If you find heroes to emulate, you'll tap into a tremendous reservoir of power that will help give you strength.

Look over your life so far. Think of the activities and subjects that have most inspired you. Were there any personal heroes who sparked these interests and kept them alive? What lessons did you learn from them?

If you are as committed to financial freedom now as you were to your passions of the past, then seek heroes who will help light the way.

Point 5: Pay Your Advisors Well

People are often eager to tell me they're using discount brokers for all their investments. I don't understand that. Why would people want to put their investments into the hands of anyone but the best?

Rich dad believed in paying professionals well. That's because the services of top-notch professionals made him money. Sure, professionals will charge you for their services. But if they're smart and competent, the more money they make, the more money you'll make.

When you're considering advisors to accompany you on your journey toward financial freedom, whether they are brokers, real estate agents, lawyers, tax planners, or others, choose people who have experience and your best interests at heart. They may wind up being your best assets. When you meet difficulties in implementing your plan, they'll be there to protect and assist you.

Point 6: Master One Formula and Then Go on to the Next

To make bread, the baker follows a recipe. The same is true for making money.

Most people follow one basic formula for making money: Get a job and a steady paycheck. As you've probably guessed by now, however, there are other, much more lucrative formulas out there, only if you're willing to make the effort to find and study them.

Take Note: *In today's fast-changing world, it's not so much what you learn that counts, but how fast you learn it.*

When I was in my twenties, I took a weekend class on how to buy real estate foreclosures. I learned a formula, which was the easy part. The hard part, of course, was having the discipline to study the formula and implement what I'd learned. It helped to recite my deep-seated reasons for wanting to get rich. They became the mantra that kept me focused. Over the next three years, I spent my spare time mastering the formula for buying foreclosures. Then I put what I'd learned into practice. It earned me several million dollars.

Today, I've gone on to master other formulas. Each one I've applied has reaped a profit. In today's fast-changing world, it's not so much what you learn that counts, but how fast you learn it.

Point 7: Pay Yourself First

To get rich you must take control of your finances, and that requires discipline. What's the sense of making money and investing it only to lose it? By discipline, I mean you have to learn to pay yourself first—even before you pay your bills. Why? Because when you pay everyone else first, there is often nothing left for you.

I'm not saying you should pay yourself first so you can run out and spend your money on ego toys like a new car, a new outfit, or a cruise. Paying yourself first means using the money for investments in the B or I quadrant. Don't you want your money to start earning you more money? Then go ahead: Pay yourself first, invest the money, and let your creditors' yelling spur you to find new ways to expand your income.

Don't get me wrong. I'm not suggesting that you avoid paying your bills. You should just know that it's not financially intelligent to cave in to creditor pressure and dip into your investments in order to pay them. How can you pay yourself first without getting into a credit rut? First, keep your personal expenses low. Don't buy yourself toys until the habit of paying yourself first has built up enough assets for you to afford them. Second, when you come up short, don't dip into your investments to pay off your creditors. Look at the pressure they're applying as a source of inspiration. It will force your financial genius to come up with new ways of making money. When your genius pulls through, then pay your bills. As you start to

build assets, you'll see that the income from your assets will allow you to pay for your personal expenses, and you will have expanded your means so you can live the lifestyle you desire.

Point 8: Get Something For Free

When you make an investment, you should first ask how long your money will be tied up. Second, you should ask what you can expect as a return on investment (ROI).

Here's an example of how return on investment can work: Several years ago I found a small condominium a few blocks from my home that was in foreclosure. The bank wanted \$60,000 for it. I submitted a bid for \$50,000 in cash, which the bank quickly accepted. Most investors would say, weren't you tying up a lot of cash? Wouldn't you have been better off getting a loan? Not in this case. My investment company now uses the condominium as a \$2,500-a-month vacation rental during the winter, when the "snowbirds" come to Arizona. During the off-season, the unit rents for a \$1,000 a month. I had my money back in about three years. Now I own this asset free and clear and it still pumps money out for me, month in and month out.

Point 9: Don't Buy Luxuries with Credit

In our culture of consumer temptation and easy credit, too many people borrow money rather than create it to buy the luxuries they desire. Borrowing is easier in the short term, but harder in the long term. If you've fallen into the habit of buying on credit, you're not alone. But just because so many other people engage in this practice doesn't mean you should. The earlier you train yourself to be a master of money, the better.

Before you ever buy luxuries, use what money you have to make more money. Let's say 100 people were given \$10,000 at the start of the year. Here's my opinion of what those 100 people would do with their money by the end of the year:

1. 80 would have nothing left. In fact, many would have created debt by making down payments on luxury items such as sports cars and home entertainment systems.
2. 16 would have increased that \$10,000 by 5 to 10 percent.
3. 4 would have increased it to \$20,000 or more.

Which group would you be in? If it's either of the first two, then read on, and don't forget this point: Use the desire to consume, not to buy, but rather to inspire your financial genius to invest. Later, when you've built enough assets, you can use the income from those assets to buy the luxuries you crave. In this way, instead of being a slave to money, you'll be the master of it.

It is my hope that in the preceding pages I've managed to jump-start your thinking about financial matters.

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