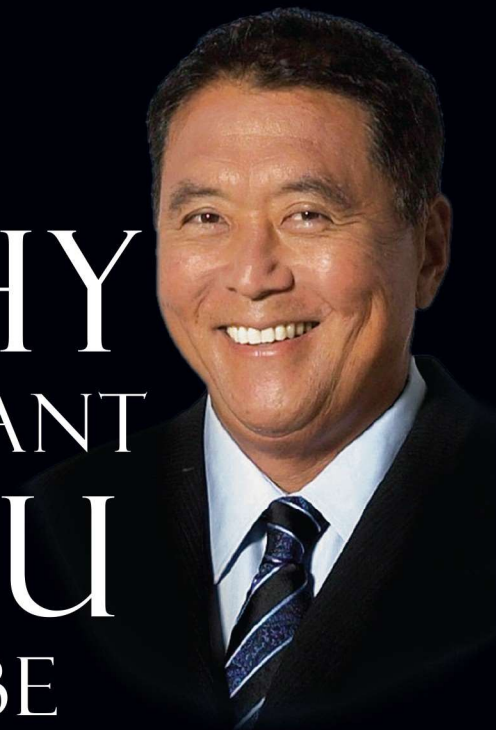


NEW YORK TIMES #1 BESTSELLING AUTHORS



WHY
WE WANT
YOU
TO BE
RICH



TWO MEN • ONE MESSAGE

DONALD J. TRUMP | ROBERT T. KIYOSAKI

Chapter twenty-Seven

Why Do you Recommend NetWoRk MaRketing?

Robert's Response

When I first heard about network marketing, I was against it. But after opening my mind, I began to see advantages that few other business opportunities offer.

Long-term success in life is a reflection of your education, life experience, and personal character. Many network-marketing companies provide personal development training in those key areas.

Most schools train people for the E- or S-quadrants, and that is great if those are the quadrants in which you want to spend your life. Most MBA programs are training students for high-paying jobs in the corporate world as an E, not a B.

What if you're in the E- or S-quadrant and you want to change? What if you want to be in the B-quadrant? Where do you find the education that trains you for that quadrant? I recommend a network-marketing business. I recommend the industry for people who want to change and get the necessary skills and attitude training to be successful in the B-quadrant.

Being an entrepreneur and building a B-quadrant business is not easy. In fact, I believe building a B-quadrant business is one of the toughest challenges a person can take on. The reason there are more people in the E- and S-quadrants is simply because those quadrants are less demanding than the B-quadrant. As they say, "If it was easy, everyone would do it."

An important personal skill required for any B-quadrant business is leadership. Are you able to overcome your own fears and have others overcome their fears in order to get the job done?

- Robert T. Kiyosaki

develop if they are to be successful in a B-quadrant business, regardless of whether it is a network-marketing business, a franchise, or an entrepreneurial startup.

An important personal skill required for any B-quadrant business is leadership. Are you able to overcome your own fears and have others overcome their fears in order to get the job done? This is a skill the Marine Corps taught me.

As Marine Corps officers, it was imperative that we be able to lead others into battle, even though we were all terrified of dying.

I meet many people in the S-quadrant, the specialists or small business owners, who would like to expand, but they simply lack leadership skills. No one wants to follow them. The employees do not trust their leader or the leader does not inspire the employees to better themselves.

As mentioned earlier, *Forbes* defined a big-business owner, a B-quadrant business owner, as a person who controls a business with more than 500 employees. This definition is why leadership skills are vital for the B-quadrant.

Where could you find a business that will invest the time in your education, your personal development, and building your own business? The answer is: most network-marketing businesses.

Building a B-quadrant business is not an easy task. So you need to ask yourself, "Do I have what it takes? Am I willing to go beyond my comfort zones? Am I willing to be led and willing to learn to lead? Is there a very rich person inside of me, ready to come out?" If the answer is "Yes," start looking for a network-marketing business that has a great training program. I would focus less on the products or the compensation plans and more on the education and

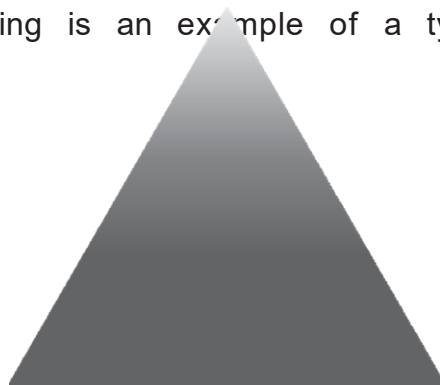
A network-marketing business is a B-quadrant business because it meets several criteria I look for in a business or investment. Those criteria are:

1. **Leverage:** Can I train other people to work for me?
2. **Control:** Do I have a protected system that belongs to me?
3. **Creativity:** Will the business allow me to be creative and develop my own personal style and talents?
4. **Expandability:** Can my business grow indefinitely?
5. **Predictability:** Is my income predictable if I do what is expected of me? If I am successful, and keep expanding my business, will my income increase with my success and hardwork?

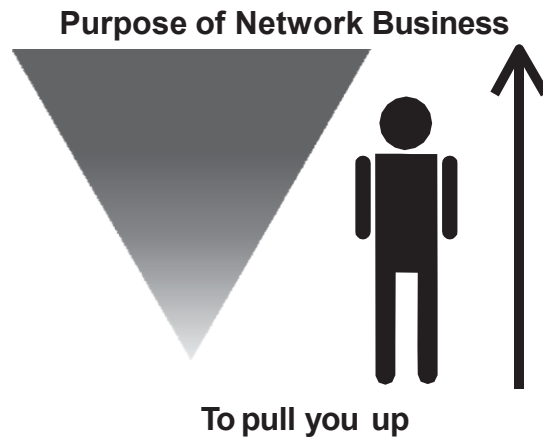
Isn't Network Marketing a Pyramid Scheme?

I am often asked if network marketing is a pyramid scheme. My reply is that corporations are really pyramid schemes. A corporation has only one person at the top, generally the CEO, and everyone else below.

The following is an example of a typical corporate pyramid:



Compare that to a network-marketing
business system:



A true network-marketing business is the exact opposite of a traditional business model. A network-marketing business is designed to bring you up to the top, not keep you down at the bottom. A true network-marketing business does not succeed unless it brings people up to the top.

Additional Points Worth Mentioning

The following are some other points worth mentioning:

1. **Tax breaks increase.** By starting a network-marketing business in your spare time and keeping your regular job, you begin to gain the tax advantages of the rich. A person with a part-time business can take more tax deductions than employees can. For example, you may be able to deduct car expenses, gasoline, some meals, and entertainment. Obviously, you need to check with a CPA for exact rulings on your situation. And the cost of your CPA is tax-deductible. In most cases, an employee cannot deduct CPA expenses. In other words, the government will give you a tax break for advice on how to pay less in taxes.

started out, most of my E-quadrant friends thought I was nuts. They could not understand why I did not want a steady job or steady paycheck. So an important part of becoming a B is to surround yourself with other people who are Bs and want you to become a B.

3. **Give yourself time.** It takes time to be successful in any of the quadrants.
-



Just as it takes time to climb to the top of the corporate ladder as an E, or become a successful doctor or lawyer in the S-quadrant, it takes time and dedication to become successful in the B-quadrant. It took me years before I built a successful B-quadrant business.

So give yourself time. I would allow at least five years to learn and develop into a B-quadrant person.

4. **Network-marketing companies are patient.** One of the beauties of a network-marketing business is that it will invest in you, even if you are not successful.

In the corporate world, if you are not successful in six months to a year, you are often fired. In the network-marketing world, as long as you are willing to put in the time, most companies will work with you in your development. After all, they want you to get to the

5. **Leverage the systems that are already in place.** These systems are already tried and proven, which allows you to hit the ground running instead of trying to build the internal systems of a new company.

In Conclusion

After opening my closed mind, I could finally see some of the unique benefits the network-marketing industry offers people who want more out of their lives.

Generally, it costs much less to get started in a network-marketing company than to build a business on your own.

Donald's Response

Like Robert, I did not know much about network marketing or the direct sales industry. But when a friend told me that it was one of the fastest growing business models, I had to open my mind and look into it. What I found surprised me.

Years ago, many businesses were opposed to a business model known as franchising. Many people questioned the legitimacy of franchising. Today, everyone in the world knows about McDonalds. Network marketing, being a new business model, is experiencing the same opposition franchising experienced years ago.

Looking into this new industry, I was surprised to find many major Fortune 500 companies have added a network marketing component to their business. Today many banks, telecom companies, real estate brokerages, credit card companies, and major consumer brands are committed to this new form of people-to-people marketing and distribution. So, my recommendation is to keep an open mind, and if you are looking to start your own business, a network marketing business might be for you.

Marketing is a powerful tool, and network marketing can increase that power, provided you are self-motivated. In a simple visual, see a product and then remove the advertising agency from it. It is up to you to do the marketing and advertising.

That's a big job, but it can be done if you are passionate enough to get it going on your own and to keep the momentum and motivation going at a high level. It requires an entrepreneurial spirit, and that means focus and perseverance. I do not

Make sure the product is worth your energy.

- Donald J. Trump

recommend network marketing to people who are not highly self-motivated.

Another important aspect of network marketing is that it is inherently social, so if you are not a social or outgoing person, I'd think twice about going into it. Sociability is a requirement.

Just like in advertising, there's no point in having a fantastic advertising campaign if the product isn't equally fantastic. Also keep in mind that if you decide to become a distributor, you will be legally responsible for the claims you make about the product, the company, and the available opportunities. But above all, make sure the product is worth your energy and total devotion. Otherwise, you could be energetically spinning your wheels.

Robert mentions the importance of going beyond your comfort zone when it comes to network marketing. He also mentions giving yourself enough time. These are good points to consider. I would also agree that having leadership qualities is critical for success. You definitely have to have a take-charge, can-do attitude.

As with any other undertaking, know everything you can about what you're doing before you begin. Network marketing has proven itself to be a viable and rewarding source of income, and the challenges could be just right for you. There have been some remarkable examples of success, and those successes have been earned through diligence, enthusiasm, and the right product combined with timing. As with so many issues we have discussed before, there are tangibles and intangibles involved, but success is not a total mystery, and that applies to network marketing as well.

Most people have heard of focus groups, a research tool that advertising agencies use when they are testing a new product. They will go out to different locations and simply ask everyday people what they like and don't like about a

new product. It's best if you can keep the focus group idea close at hand when you are deciding about a product. Just because you like it doesn't mean everyone else will. Finding a common denominator in product appeal will matter.

My nutshell advice about network marketing is to do your research and then put everything you've got into your product. Genuine enthusiasm is hard to beat, and the odds will be with you.

Your View

Is network marketing for you?

Chapter twenty-eight

Why Do you Recommend Starting your Own Business?

Robert's Response

Take a look at the CASHFLOW Quadrant below again:



The big differences between the quadrants are the different values. My poor dad did not succeed in the S, B or I quadrants simply because, having been trained as a teacher, he was trained in the values of the E quadrant. He did not have the survival skills or survival instincts required for success on the street. He was not trained for the other three quadrants. So when the governor banned him from government service, my dad found out who was in control of his life.

The good thing about having a rich dad who made his fortune in the B and I quadrants was that my rich dad guided me mentally and emotionally from the E and S quadrants to the B and I quadrants—the same way Donald's dad guided him. While there were several failures along the way, it was my rich dad's wisdom and mentorship that got me through the rough spots.

I Love Being an Entrepreneur

Even though it was a tough road at the start, today I love being an entrepreneur. I love starting new businesses. I love the creativity, the people I meet, the challenges, and the rewards. The price for gaining the education and the experience was high, yet in retrospect, the journey was worth it.

I did not go back to sailing tankers or flying planes because most of the excitement of learning those professions was over for me. It was most exciting when I first took the wheel of an oil tanker and when I landed my first plane. Once I mastered those tasks, the learning curve got easier—and eventually ended. As an airline pilot or a ship's officer, today would be too much like tomorrow.

I love the new challenges I go through every day as an entrepreneur. I love the excitement of the startup and then the development. Once the business is up and running, I love the challenge of the expansion and growth. Once the business is growing, I love the challenge of bringing on new team members to add stability and grow the business, which makes the business predictable and profitable.

As an entrepreneur, every day is exciting, new, and educational. I am always learning something new, even on bad days. Donald says the same thing, which is why he has so many business projects going on. He is a true entrepreneur. To be a true entrepreneur, you need to be smart and love to learn. If you do not love learning, chances are your business will not grow...because you

Looking in the Mirror

Your own business is the best mirror you can look into. Your own business is like the game of golf. It gives you instant feedback every time you swing the club. If you are good, your business will make you richer than Tiger Woods. As you know, successful entrepreneurs are the richest people on earth. And if you are bad, they won't let you join the country club. I know that personally. Today, I am offered many honorary country club memberships. A few years ago, the same country clubs would not have let me in the door.

Putting You Back in Control

One of the reasons so many people feel insecure today is because school never taught them about the importance of *control* in their lives. For example, if you are an employee, you have very little control over how much you earn, if you get the promotion, if you receive a raise, when you go on vacation, and sometimes even when to eat lunch.

In 1974, when ERISA was passed, the Act that led to the 401(k), many employees in the E quadrant were forced to become investors in the I quadrant. The problem, again, was a lack of education and experience. Since most employees have little control over their financial future, they often invest in paper assets such as savings, stocks, mutual funds, and bonds. Again, the problem is the same—as investors, they have no *control* over those assets. Those in the E and S quadrants, in most cases, pay much higher taxes than those who are professionals in the B and I quadrants.

One of the reasons so many people feel insecure today is because school never taught them about the importance of control in their lives.

- Robert T. Kiyosaki

Again, the reason is *control*. The IRS and the tax code of a country offer more control to those in the

B and I quadrants because the people in these quadrants are important for the economic growth and strength of a nation. The true Bs provide jobs and the true Is provide the capital to fund the businesses, infrastructure, exploration, energy, and real estate.

Many people feel uncertain about their futures simply because they have very little control over their jobs, their investments, and their taxes.

Often I meet people from different countries, and they attempt to tell me that the laws in their country are different. That is not my experience. I know this because I have businesses in China, Japan, Korea, Canada, Australia, South America, Israel, the Middle East, and Europe. I have found similar tax advantages for the B and I quadrants to be available in most developed or developing countries. There are some differences, but the Golden Rule that states, “Those who have the gold make the rules,” seems to prevail all over the world.

Learning to Take Control

Today, it is easier than ever to gain access to the B or I quadrants. We have technological tools that make it very easy to leverage and expand one’s base of operation all over the world. For example, the computer and the Internet make being a national or international entrepreneur much easier and less expensive. For a few hundred dollars, I can buy a computer and access the world markets as a business owner or an investor. The question is, do you have the education, experience, mind-set, and core values to be a national or international entrepreneur?

How to Get the Education and Experience

Since our schools do not teach a person much about entrepreneurship or investing, the question is, how does a person get the education and experience to be successful in the S, B, or I quadrants?

In the previous chapter, Donald and I wrote about the benefits of network marketing. In my opinion, the biggest advantages of a network-marketing business are the training and the low cost of entry. If you are serious about becoming an entrepreneur, I would suggest you find a network-marketing company with a great training program and dedicate at least five years of your life to learning the core values of the B quadrant.

The Power of Franchises

If you have more money and are ready to make a bigger commitment, then you may want to look into buying a franchise. Again, if it is a good franchise, the owners of the franchise will focus a lot of time and energy training you to run the business and the business systems.

We all know about McDonald's. It is by far one of the most well-known franchise systems in the world. There were many times I thought about buying a McDonald's franchise, not necessarily for the money, but for their training programs. You may have heard of Hamburger University. It is a highly acclaimed business school that trains people for the real world of business. But one of the problems with a McDonald's franchise is the high cost of entry, which is often over a million dollars.

The Power of Mentors and Coaches

Personally, I understand the challenges, frustrations, rewards of the journey from the left side of the quadrant, E and S, to the right side of the quadrant, B and I. That is why we at The Rich Dad Company have more advanced programs for people who want to be successful in the B and I quadrants. We offer the following programs:

1. **Rich Dad Coaching:** We have a team of professionally trained coaches whose only goal is to keep you focused and on track to achieve your goals in personal finance, investing, starting your own

your own goals that demand you bring out the best in you, and your own goals that you know—when accomplished—will change your life.

2. **Rich Dad Education:** While most investment advisors recommend diversification, diversification, diversification, we at Rich Dad recommend focus, focus, focus. All people who have achieved greatness have been very focused people.

In the near future, Rich Dad Education will be offering college-level courses and seminars for people who are ready to focus on specific areas of business or investing. For example, a course I am very excited about is learning to be a raw-land developer. Or you may want to become an expert in stock options or foreclosures. As you know, there are many ways a person can become very rich—if he or she is focused.

In Conclusion

There are two kinds of people in the world. There are those who seek security and those who seek freedom. As some of you know, security and freedom are exactly the opposite. That is why those with the most security have the least freedom. Those people are in the maximum

security section of prison. If you seek freedom, I can sincerely say that maximum freedom exists in the B and I quadrants.

Donald's Response

Oddly enough, I don't always recommend that people start their own businesses. Some people simply are not entrepreneurs, and I feel it's bad advice to tell everyone that they, too, can be wildly successful when in fact it's probably not in the cards for them. This doesn't go over so well with the groups that ask me to speak on motivation and success, but I have to be honest. I don't ever want to give the wrong advice if I can possibly help it.

About a year ago at one of my speeches, I realized this when a man in his 60s came up to me and asked me some direct questions about becoming an entrepreneur. I had to tell him that it's not always the best thing to do—there's risk involved. The thought of advising a man who might lose everything at that stage of his life gave me something to think about beyond the usual sound bites of solid success advice I normally might offer. Every case is different, and I would feel personally responsible if he were to follow my advice and fail. I had a feeling he wasn't a natural entrepreneur, and it wasn't just because he wasn't a young guy just starting out. I'm a cautious optimist, but the cautious part comes first.

I have recommended that people start their own businesses when the situation warrants it—I've seen their work ethic, their drive, their passions, and their tenacity, and I know they've got what it takes. Some people think they have it, but they don't. The people I have advised to go into business for themselves have all succeeded. But I haven't told every person to do it.

I told a young woman in real estate that she should go into business for herself, and she did—the next day! Kim Mogull has become very successful in New York City with her own real estate company, and she still tells people the story of how she got started. She didn't spend more than 24 hours getting to it. Another person I knew was in the wrong business for him, which was on Wall Street, and I finally told him he was beginning to look like a loser because he wasn't very good at it and he was miserable. I asked him what he liked to do and his answer had to do with golf. It took a few years of coaxing, but he finally made the change and has become very successful with his own golf business—and very happy at the same time.

These two examples show that 1) you have to be good at what you're doing, and 2) you have to have the courage to take the leap and go for it yourself. We all have different timetables, but the inclination has to be there.

One of the first things I tell people is that being an entrepreneur is not a group effort. You have to be willing to go it alone for a certain amount of time—and sometimes for a long time. Robert did not have an overnight success, but he kept at it, learned along the way, and look where he is now. If you have the determination, believe me, it is worth it.

The pride of ownership doesn't have to be explained. It probably starts with our first bicycle. When something is yours, there's a built-in loyalty factor to making it work well. In my case, my name is on a lot of things, and my responsibility is to make sure the product represents the highest quality possible. Those are my standards, and I work and live accordingly. It's an integrity of purpose that is hard to equal unless you have your own business.

I've heard people say of certain employees they meet or may have, "They work as if the business were their own." They work with such singleness of purpose, it's as if they were the owners. Singleness of purpose is required if you want to have your own business—there are no time limits to your work week, for one thing. It can be 24/7, and ultimately, the responsibility is yours.

"You will reap what you sow," rings true again. And you will be reaping it. A good thing to think about.

- Donald J. Trump

I like having that responsibility because I find it empowering. It also gives me energy instead of enervating me. Some people will find this pressure to be less than enjoyable, and if that's the case, I urge them to remain employees.

The rewards of having your own business are certainly there to be seen by all. That doesn't have to be explained. Once you've had your own business, it's hard to go back to working for someone else. It's just not the same, by any stretch of the imagination. It can be a good incentive for working that much harder to remain the captain of your ship. You can say each and every day, "The buck starts with me—now, here, today!" It's a great feeling.

Having your own business is like growing a tree—it's a living organism that goes through seasons and storms and beautiful summer days and winter blizzards, but it keeps on growing and is literally an expression of yourself. That's one reason I'm so careful with the quality controls of what I do. If something represents you, you want it to be the best representation you can possibly find or achieve. Then you can even raise the bar on yourself and, believe me, you will never be bored.

That's another great thing about having your own business. If you are bored, you will have no one to blame but yourself, and that situation won't last long. Some jobs are boring, and there's not much you can do but leave them. With your own business, you are in control, which equals more freedom.

Freedom is an interesting word because freedom comes with a price. Most business owners will work many more hours than their employees, but I've never heard an entrepreneur say they'd rather be working for someone else! Ever!

We've all heard about expressing yourself, especially when it comes to art or the arts. That also applies to business, which I see as an art form as well. There are many things in common, including discipline, technique, perseverance, and so forth. But it's that freedom of expression that makes being a business owner especially great. If I have a vision of what I want to do, I go about making it happen. I don't have to ask anyone for permission, for one thing. It's my ball game. Granted, I have to follow the laws of the area, zoning and so forth, but the idea and the power to get it done resides with me. That's a terrific feeling.

People feel inspired for a reason—inspiration is a motivator. Frustration occurs when their inspiration is not attended to. If you have the inspiration and are able to combine it with diligence and focus, I would advise you to think about owning your own business. The rewards are greater, and the old saying, "You will reap what you sow," rings true again. And you will be reaping it. A good thing to think about.

Your View

Do you want to own your own business?

Why or why not?

What does “freedom” mean to you?
