

## Chapter One

# WHY DON'T YOU GET A JOB?

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why you might not want one.*

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In 1985, my wife Kim and I were homeless. We were unemployed and had little money left in savings. Our credit cards were exhausted, and we lived in an old brown Toyota with reclining seats that served as beds. At the end of one week, the harsh reality of who we were, what we were doing, and where we were headed began to sink in.

Our homelessness lasted another two weeks. When a friend realized our desperate financial situation, she offered us a room in her basement. We lived there for nine months.

We kept our situation quiet. For the most part, Kim and I looked quite normal on the surface. When friends and family were informed of our plight, the first question was always, “Why don’t you get a job?”

At first, we attempted to explain, but we usually failed to clarify our reasons. To someone who values a job, it’s difficult to explain why you might not want one.

We did odd jobs occasionally and earned a few dollars here and there, but we did that only to keep food in our stomachs and gas in the car. Those few extra dollars were only fuel to keep us going toward our singular goal. I must admit that during moments of deep personal doubt, the idea of a safe, secure job with a paycheck was appealing.

But because job security wasn't what we were looking for, we kept pushing on, living day to day, on the brink of the financial abyss.

That year, 1985, was the worst of our lives as well as one of the longest. Anyone who says that money isn't important obviously has not been without it for long. Kim and I fought and argued often. Fear, uncertainty, and hunger shortens the human emotional fuse, and often we fight with the person who loves us the most. Yet love held the two of us together, and our bond as a couple grew stronger because of the adversity. We knew where we were going. We just didn't know if we would ever get there.

We knew we could always find safe, secure, high-paying jobs. Both of us were college graduates with good job skills and solid work ethics. But we weren't after job security. We wanted financial freedom.

By 1989, we were millionaires. Although financially successful in some people's eyes, we still hadn't reached our goal of true financial freedom. That took until 1994. By then, we never had to work again for the rest of our lives. Barring any unforeseen financial disaster, we were both financially free. Kim was 37 and I was 47.

### ***It Doesn't Take Money to Make Money***

I started this chapter with a discussion about our being homeless and having nothing in 1985 because I often hear people say, "It takes money to make money."

I disagree. To get from homeless in 1985, to rich in 1989, and then to financial freedom by 1994, didn't take money. We had no money when we started, and we were in debt.

It also doesn't take a good formal education. I have a college degree, and I can honestly say that achieving financial freedom had nothing to do with what I learned in college. I didn't find much demand for my years of studying calculus, spherical trigonometry, chemistry, physics, French, and English literature.

Many successful people have left school without receiving a college degree—people such as Thomas Edison, founder of General Electric; Henry Ford, founder of Ford Motor Co.; Bill Gates, founder of

Microsoft; Ted Turner, founder of CNN; Michael Dell, founder of Dell Computers; Steve Jobs, founder of Apple Computer; and Ralph Lauren, founder of Polo. A college education is important for traditional professions, but not for how these people found great wealth. They developed their own successful businesses, and that was what Kim and I were striving for.

### ***So What Does It Take?***

I am often asked, “If it doesn’t take money to make money, and schools don’t teach you how to become financially free, then what does it take?”

My answer: It takes a dream, a lot of determination, a willingness to learn quickly, and the ability to use your God-given assets properly and to know which quadrant in the CASHFLOW Quadrant is the right one for you to generate your income.

### ***What Is the CASHFLOW Quadrant?***

The diagram below is the CASHFLOW Quadrant. The letters in each quadrant represent:



*E for employee*

*S for small business or self-employed*

*B for big business*

*I for investor*

## ***From Which Quadrant Do You Generate Your Income?***

The CASHFLOW Quadrant represents the different methods by which income or money is generated. For example, an employee earns money by holding a job and working for a person or a company. Self-employed people earn money working for themselves. A business owner owns a business that generates money, and investors earn money from their various investments—in other words, money generating more money.

Different methods of income generation require different frames of mind, different technical skills, and different educational paths. Different people are attracted to different quadrants.

While money is all the same, the way it's earned can be vastly different. If you begin to look at the four different labels for each quadrant, you might want to ask yourself, "Which quadrant do I generate the majority of my income from?"

Each quadrant is different. To generate income from different quadrants requires different skills and a different personality, even if the person found in each quadrant is the same. Changing from quadrant to quadrant is like playing golf in the morning and then attending the ballet at night.

## ***You Can Earn Income in All Four Quadrants***

Most of us have the potential to generate income from all four quadrants. Which quadrant you or I choose to earn our primary income from is not so much dependent upon what we learned in school. It's more about who we are at the core—our values, strengths, weaknesses, and interests. These core differences attract us to, or repel us from, each quadrant.

Yet, regardless of what type of work we perform, we can still work in all four quadrants. For example, a medical doctor could choose to earn income as an E and join the staff of a large hospital or an insurance company, work for the government in the public-health field, or become a military doctor.

This same doctor could also decide to earn income as an S and start a private practice, setting up an office, hiring staff, and building a private list of patients.

Or the doctor could decide to become a B and own a clinic or laboratory and have other doctors on staff. This doctor probably would hire a business manager to run the organization. In this case, the doctor would own the business but not have to work in it. The doctor also could decide to own a business that has nothing to do with the medical field while still practicing medicine somewhere else. In this case, the doctor would be earning income as both an E and as a B.

As an I, the doctor could generate income from being an investor in someone else's business or in vehicles like the stock market, bond market, and real estate.

The important words are “generate income from.” It's not so much what we do, but more how we generate income.

### ***Different Methods of Income Generation***

More than anything, it's the internal differences of our core values, strengths, weaknesses, and interests that affect which quadrant we decide to generate our income from. Some people love being employees, while others hate it. Some people love owning companies but don't want to run them. Others love owning companies and also love running them. Some people love investing, while others can't get past the risk of losing money. Most of us are a little of each of these characters. Being successful in the four quadrants often means redirecting some internal core values.

### ***You Can Be Rich or Poor in All Four Quadrants***

It is important to note that you can be rich or poor in all four quadrants. There are people who earn millions and people who go bankrupt in each of the quadrants. Being in one quadrant or another does not necessarily guarantee financial success.

## ***Not All Quadrants Are Equal***

By knowing the different features of each quadrant, you'll have a better idea as to which quadrant, or quadrants, might be best for you.

For example, one of the many reasons I chose to work predominantly in the B and I quadrants is because of tax advantages. For most people working on the left side of the quadrant, there are few legal tax breaks available. Yet legal tax breaks abound on the right side of the quadrant. By working to generate income in the B and I quadrants, I could acquire money faster and keep that money working for me longer without losing large chunks of it to the government in the form of taxes.

## ***Different Ways of Earning Money***

When people ask why Kim and I were homeless, I tell them it was because of what my rich dad taught me about money. For me, money is important, yet I didn't want to spend my life working for it. That is why I didn't want a job. If we were going to be responsible citizens, Kim and I wanted to have our money work for us, rather than spend our lives physically working for money.

That is why the CASHFLOW Quadrant is important. It depicts the different ways money is generated. There are ways of being responsible and creating money other than physically working for it.

## ***Different Fathers—Different Ideas about Money***

My highly educated dad had a strong belief that the love of money was evil and that excessive profit meant you were greedy. He felt embarrassed when the newspapers published how much he made because he felt he was overcompensated in comparison to the teachers who worked for him. He was a good, honest, hardworking man who did his best to defend his point of view that money wasn't important to his life.

My highly educated, yet poor, dad constantly said,

- “I’m not that interested in money.”
- “I’ll never be rich.”
- “I can’t afford it.”
- “Investing is risky.”
- “Money isn’t everything.”

### ***Money Supports Life***

My rich dad had a different point of view. He thought it foolish to spend your life working for money and to pretend that money wasn’t important. Rich dad believed that life was more important than money, but that money was important for supporting life. He often said, “You only have so many hours in a day, and you can only work so hard. So why work hard for money? Learn to have money and people work hard for you, and you can be free to do the things that are important.” To my rich dad, what was important was:

- Having lots of time to raise his kids.
- Having money to donate to charities and projects he supported.
- Bringing jobs and financial stability to the community.
- Having time and money to take care of his health.
- Being able to travel the world with his family.

“Those things take money,” said rich dad. “That’s why money is important to me. Money is important, but I don’t want to spend my life working for it.”

## *Choosing Quadrants*

One reason Kim and I focused on the B and I quadrants while we were homeless was because I had more training and education in those quadrants. It was because of my rich dad's guidance that I knew the different financial and professional advantages of each quadrant. For me, the quadrants on the right side, the B and I quadrants, offered the best opportunity for long-term financial success and financial freedom. Also, at age 37, I had experienced successes and failures in all four quadrants which allowed me some degree of understanding about my own personal temperament, likes, dislikes, strengths, and weaknesses. I knew which quadrants I did best in.

## *Parents Are Teachers*

When I was a young boy, my rich dad often referred to the CASHFLOW Quadrant. He would explain to me the difference between someone who was successful on the left side versus the right side. But being young, I really didn't pay much attention to what he said. I didn't understand the difference between an employee's mindset and a business owner's mindset. I was just trying to survive school.

Yet I did hear his words, and soon they began to make sense. Having two dynamic and successful father figures around me gave meaning to what each was saying. But it was what they were doing that allowed me to begin to notice the differences between the E-S side and the B-I side. At first, the differences were subtle. Then they became glaring.

For example, one painful lesson I learned as a young boy was simply how much time one dad had available to spend with me versus the other. As the success and prominence of both dads grew, it was obvious that one dad had less and less time to spend with his wife and four children. My real dad was always on the road, at meetings, or dashing off to the airport for more meetings. The more successful he got, the fewer dinners we had together as a family. On weekends, he was at home in his crowded little office, buried under paperwork.

On the other hand, my rich dad had more and more free time as his success grew. One of the reasons I learned so much about money,



finance, business, and life was simply because my rich dad had more and more free time for his children and me.

Another example is that both dads made more and more money as they became successful, but my real dad, the educated one, also got further into debt. So he'd work harder and suddenly find himself in a higher income-tax bracket. His banker and accountant would then tell him to buy a bigger house for the so-called "tax break." My dad would follow the advice and buy a bigger house, and soon he was working harder than ever so he could make more money to pay for it. Ultimately, this just took him even further away from his family.

My rich dad was different. He made more and more money but paid less in taxes. He also had bankers and accountants, but he wasn't getting the same advice my highly educated dad was getting.

### ***The Main Reason***

The driving force, however, that wouldn't allow me to stay on the left side of the Quadrant was what happened to my highly educated but poor dad at the peak of his career.

In the early 1970s, I was already out of college and in Pensacola, Florida, going through pilot training for the Marine Corps before a tour in Vietnam. My educated dad was now the superintendent of education for the State of Hawaii and a member of the governor's staff. One evening, he phoned me with some interesting news.

"Son," he said, "I'm going to resign from my job and run for lieutenant governor of Hawaii for the Republican party."

I gulped and then said, "You're going to run for office against your boss?"

"That's right," he replied.

"Why?" I asked. "Republicans don't have a chance in Hawaii. The Democratic party and the labor unions are too strong."

"I know, Son. I know that we don't have a prayer of winning. Judge Samuel King will be the candidate for governor, and I will be his running mate."

“Why?” I asked again. “Why go against your boss if you know you’re going to lose?”

“Because my conscience won’t let me do anything else. The games these politicians are playing disturb me.”

“Are you saying they’re corrupt?” I asked.

“I don’t want to say that,” said my real dad. He was an honest and moral man who rarely spoke badly about anyone. Yet I could tell from his voice that he was angry and upset when he said, “I’ll just say that my conscience bothers me when I see what goes on behind the scenes. I couldn’t live with myself if I turned a blind eye and did nothing. My job and paycheck aren’t as important as my conscience.”

After a long silence, I realized that my dad’s mind was made up. “Good luck,” I said quietly. “I’m proud of you for your courage, and I’m proud to be your son.”

My dad and the Republican ticket were crushed, as expected. The re-elected governor sent the word out that my dad was never to work again for the State of Hawaii, and he never did. At the age of 54, my dad went looking for a job, and I was on my way to Vietnam.

When he was middle-aged, my dad was hunting for a job. He went from jobs with big titles and low pay to other jobs with big titles and low pay. He was a tall, brilliant, and dynamic man who was no longer welcome in the only world he knew, the world of government employees. He tried starting several small businesses. He was a consultant for a while and even bought a famous franchise, but all his efforts failed.

As he grew older and his strength slipped away, so did his drive to start over again. His lack of will became even more pronounced after each business failure. He was a successful E trying to survive as an S, a quadrant in which he had no training or experience and for which he had no heart. He loved the world of public education, but he couldn’t find a way to get back in. The ban on his employment in the state government was silently, but firmly, in place.

If not for Social Security and Medicare, the last years of his life would have been a complete disaster. He died frustrated and a little angry, yet he died with a clear conscience.

So what kept me going in the darkest of hours? It was the haunting memory of my educated dad sitting at home, waiting for the phone to ring, trying to succeed in the world of business, a world he knew nothing about. That, and the joyous memory of seeing my rich dad grow happier and more successful as his years went on, inspired me. Instead of declining at age 54, rich dad blossomed. He had become rich years before that, but now he was becoming mega-rich. He was constantly in the newspapers as the man who was buying up Waikiki and Maui. His years of methodically building businesses and investing were paying off, and he was on his way to becoming one of the richest men in the Islands.

### ***Small Differences Become Large Differences***

Because my rich dad had explained the quadrants to me, I was better able to see that small differences grow into large differences when measured over the years a person spends working. Because of the CASHFLOW Quadrant, I knew it was better to decide, not so much what I wanted to do, but more who I wanted to become as my working years progressed. In the darkest hours, it was this deep knowledge, and the lessons from two powerful dads, that kept me going.

### ***It Is More Than the Quadrant***

The CASHFLOW Quadrant is more than two lines and some letters. If you look below the surface of this simple diagram, you will find completely different worlds, as well as different ways of looking at the world. As a person who has looked at the world from both the left and the right sides, I can honestly say the world looks much different depending on which side you are on.



One quadrant is not better than another. Each has strengths and each has weaknesses. This book is written to give you a glimpse into the different quadrants and into the personal development required to be financially successful in each of them. It's my belief that you'll gain further insights into choosing the financial life path that's best suited for you.

Many of the skills essential to being successful on the right side of the quadrant aren't taught in school, which may explain how people like Bill Gates, Ted Turner, and Thomas Edison left school early and yet learned how to be successful B's and I's. This book will identify the skills, as well as the personal core temperament, that are necessary for finding success on the B and I side. First, I offer a broad overview of the four quadrants, and then an in-depth focus on the B and I side.

After reading this book, some of you might want to make a change in how you earn your income, and some of you will be happy to stay just where you are. You might choose to operate in more than one quadrant, maybe even in all four quadrants. We're all different, and one quadrant isn't more important or better than another. In every village, town, city, and nation in the world, there is a need for people to operate in all four quadrants in order to ensure the financial stability of the community.

Also, as we grow older and gain different experiences, our interests change. For example, I notice that many young people right out of school are often happy to get a job. But after a couple of years, a few of them decide they aren't interested in climbing the corporate ladder, or they lose interest in their chosen field. These changes of age and experience often cause a person to search for new avenues of growth, challenge, financial reward, and personal happiness. I hope this book offers some fresh ideas for attaining those goals.

In short, this book isn't about homelessness, but about finding a home—a home in a quadrant or quadrants.