

THE

# SECOND RULE

MEL ROBBINS

TRANSFORM YOUR LIFE, WORK, AND CONFIDENCE WITH  
EVERYDAY COURAGE

A SAVIO REPUBLIC BOOK

The 5 Second Rule:

Transform Your Life, Work, and Confidence with Everyday Courage

© 2017 by Mel Robbins

All Rights Reserved

ISBN: 978-1-68261-238-5

ISBN (eBook): 978-1-68261-239-2

Cover Design by Rachel Greenberg

Interior Composition by Greg Johnson/Textbook Perfect

No part of this book may be reproduced, stored in a retrieval system, or transmitted by any means without the written permission of the author and publisher.



Published in the United States of America

Digital book(s) (epub and mobi) produced by [Booknook.biz](#).

# **THIS IS THE TRUE STORY OF THE 5 SECOND RULE**

**WHAT** it is, **WHY** it works, and **HOW** people around the world are using it to change their lives in five simple seconds.

- The events described in this book are real.
- No names have been changed.
- The social media posts that appear throughout this book are the actual posts.

I cannot wait to share this book with you and watch you unlock the power of you.

## **5...4...3...2...1...GO!**

Xo,

Mel

A handwritten signature in black ink, appearing to read "lh".

# THE 5 SECOND RULE

## TRANSFORM YOUR LIFE, WORK, AND CONFIDENCE WITH EVERYDAY COURAGE

---

PART 1

### THE 5 SECOND RULE

1. Five Seconds To Change Your Life
2. How I Discovered the 5 Second Rule
3. What You Can Expect When You Use It
4. Why The Rule Works

PART 2

### THE POWER OF COURAGE

5. Everyday Courage
6. What Are You Waiting For?
7. You'll Never Feel Like It
8. How To Start Using the Rule

PART 3

### COURAGE CHANGES YOUR BEHAVIOR

How to Become the Most Productive Person You Know

9. Improve Your Health
10. Increase Productivity
11. End Procrastination

## PART 4

### COURAGE CHANGES YOUR MIND

How to Become the Happiest Person You Know

12. Stop Worrying
13. End Anxiety
14. Beat Fear

## PART 5

### COURAGE CHANGES EVERYTHING

How To Become the Most Fulfilled Person You Know

15. Building Real Confidence
16. Pursuing Passion
17. Enrich Your Relationships

### THE POWER OF YOU

# Everyday Courage

Courage is the ability to do things that feel difficult, scary, or uncertain.

It isn't reserved for just a chosen few.

Courage is a birthright. It's inside all of us.

And it's waiting for you to discover it.

One moment of courage can change your day.  
One day can change your life. And one life can  
change the world.

That's the true power of courage; it reveals you.  
The greatest version of you.

Discover your courage, and you will be capable of  
accomplishing and experiencing anything you  
dream about.

Yes, even changing the world.

# **PART1**

## THE 5 SECOND RULE

## CHAPTER ONE

# FIVE SECONDS TO CHANGE YOUR LIFE

---

IF YOU'RE SEARCHING FOR

THAT ONE PERSON WHO WILL CHANGE YOUR LIFE

LOOK IN THE MIRROR

You are about to learn something remarkable—it takes just five seconds to change your life. Sounds like a gimmick, doesn't it? It's not. It's science. I'll prove it to you. You change your life one five-second decision at a time. In fact, it's the only way you change.

This is the true story of the 5 Second Rule: what it is, why it works, and how it has transformed the lives of people around the world. The Rule is easy to learn and its impact is profound. It's the secret to changing anything. Once you learn the Rule, you can start using it immediately. The Rule will help you live, love, work, and speak with greater confidence and courage every day. Use it once and it'll be there for you whenever you need it.

I created the 5 Second Rule at a time in my life when everything was falling apart. And by everything, I mean everything: my marriage, finances, career, and self-esteem were all in the gutter. My problems seemed so big that it was a struggle each morning just to get out of bed. That's actually how the Rule began—I invented the Rule to help me break my habit of hitting the snooze button.

When I used the Rule for the very first time seven years ago, I thought it was silly. Little did I know that I had invented a powerful metacognition technique that would change absolutely everything about my life, work, and sense of self.

What's happened to me since discovering the 5 Second Rule and the power of five second decisions is unbelievable. I not only woke up—I shook up my entire life. I've used this one tool to take control and improve everything from my confidence to my cash flow, my marriage to my career, and my productivity to my parenting. I have gone from bouncing checks to seven figures in the bank and from fighting with my husband to celebrating 20 years of marriage. I've cured myself of anxiety, built and sold two small businesses, been recruited to join the teams at CNN and *SUCCESS* magazine, and I'm now one of the most-booked speakers in the world. I've never felt more in control, happy, or free. I couldn't have done any of it without the Rule.

**The 5 Second Rule changed everything ... by teaching me just one thing:**  
**HOW to change.**

Using the Rule, I replaced my tendency to overthink the smallest moves with a bias toward action. I used the Rule to master self-monitoring and become more present and productive. The Rule taught me how to stop doubting and start believing in myself, my ideas, and my abilities. And, the Rule has given me the inner strength to become a better and much happier person, not for others, but for me.

The Rule can do the same for you. That's why I am so excited to share it with you. In the next few chapters, you'll learn the story behind the Rule, what it is, why

it works, and the compelling science to back it up. You'll discover how five second decisions and acts of everyday courage change your life. Finally, you'll learn how you can use the #5SecondRule in combination with the latest research-backed strategies to become healthier, happier, and more productive and effective at work. You'll also learn how to use it to end worry, manage anxiety, find meaning in your life and beat any fear.

And, that's not all. You'll see proof. Lots of proof. This book is packed with social media posts and first-hand accounts from people all over the world who are using the Rule to make some amazing things happen. Yes, the Rule will help you wake up on time, but what it really does is something far more remarkable—**it wakes up the inner genius, leader, rock star, athlete, artist, and change agent inside of you.**

When you first learn the Rule, you'll likely start using it to stick to your goals. You might **use the Rule to push yourself** to get to the gym like Margaret does when she isn't "feeling it."



Margaret  
@MRuvoldt

Planned on the treadmill first thing today. Woke up & wasn't feeling it. Then I thought @melrobbins #5secondrule



Or you may use the Rule to become more influential at work. That's how Mal first used the Rule—to find the courage to meet with his boss and talk about his career goals (something that so many of us fear). Thanks to the Rule, it not only happened, but it went great:

malzakmeh @mel\_robbins, today I made a huge step forward and talked to my boss about my next goal and he totally supported me #5secondrule! Thank you @mel\_robbins 😊😊

That's another thing that's unique about the Rule—I may have created it, but it's not just my story to tell. Inside this book, you'll meet people around the world from all walks of life who are using the Rule, in ways big and small, to take charge of their lives. Their diverse experiences will help you understand just how limitless the applications for the Rule and its benefits truly are.

**You can use the Rule to become more productive.** Before the 5 Second Rule, Laura used to make endless to-do lists and sat around making excuses and being a jerk to herself. Now, there's no room in Laura's life for excuses—only action. Laura has increased her cash flow by \$4,000 a month, finished her bachelor's degree, and hiked a few 4,000 footers. Next up, run a marathon.



Laura

I heard you speak this past winter and you told me to stop being a jerk to myself, then this happened!!! Thank you for motivating the jerk out of me!



You can use the Rule to step outside of your comfort zone and become more effective at networking. Ken used the 5 Second Rule the same day he learned it at the Project Management Institute National Conference to meet

“movers and shakers,” Matthew used it to cold-call C-Level executives, and Alan used it to meet “a dozen folks I wouldn’t have otherwise” at a PGA Tour event.



**Ken Riches** @Buckoclow1

@melrobbins Really enjoyed your presentation to PMI NA LIM on Saturday. I have used the 5 second rule at least three times since!



**Mel Robbins** @melrobbins

@Buckoclow1 how did you use it?!



**Ken Riches**

@Buckoclow1

@melrobbins twice to introduce myself to movers and shakers, once to get up and get a bunch of work done this AM



**Matthew Smith**

@melrobbins emailed c-level execs on friends' behalf to get informational interviews. And THEY RESPONDED and everything. 5 sec rule wins!



**Alan**  
@TheIdOfAlan

@melrobbins Great job at the PGA TOUR! I've already used the 5 sec. trick to meet a dozen folks I wouldn't have otherwise. #GoodStuff

**You can also use the Rule to self-monitor and control your emotions.**

Jenna uses the Rule as a mom to practice “patience instead of snapping at” her kids. She’s also using it as a sales tool in her new direct selling business. The Rule helps her stop thinking about how “intimidating” it is to sell and gives her the courage to just start selling.



Jenna

Hi Mel!! Well I really just started putting the 5 second rule into motion. 2 areas of my life I have started really practice using it is with my kids and having the patience instead of snapping at them. I feel like it has given me the extra 5 seconds to put my thoughts together before jumping the gun. Also in building my Yoli business. I take 5 seconds and just ask, just talk to someone and bring up my my business. As u talked about it thinking about the answer rather than thinking about doing it can be very intimidating in this kind of business. Just have to use the 5 seconds and do it instead of thinking about it!! I absolutely loved hearing you in person!!! It was great! Thank you!! I plan to keep putting the 5 second rule in motion throughout many aspects of my life that I want to work on! Hope you have a fabulous day!



Executives inside some of the world's most respected brands are using the Rule to help their managers change, drive sales, engage teams, and innovate. Take Crystal at USAA, whose entire sales team is using the 5 Second Rule and the result has been awesome—they've jumped to “#1 in our location.”



Crystal

I have my whole team at USAA doing the 5 second rule so far we have jumped to #1 in our location our goal it to be the number one in the entire company! Here is one of the forms you sent me. I have more to follow.

The #5SecondRule is so easy to learn and so important for confidence that we see managers, like Muz, teaching it to their teams all over the world.



**Muz**

@muze63

The entire staff glued to a great #TEDtalk by @melrobbins this morning #motivation #5secondrule. Thank you, Mel :)



You'll also be inspired by the stories of people who are finding the courage to stop thinking and start putting their ideas into action. Mark, who after decades of thinking about starting a nonprofit ice hockey league for inner city kids, used the Rule to finally get the idea "out of my head" and "into action." He's now partnered with former Olympians and NHL alumni to create camps, clinics, and leagues.



Mark

[View Profile](#)

I worked in around the National Hockey League for most of the 1980s and 1990s. I always thought that it was a shame that inner city kids had little access to the sport, which tends to be expensive and impractical for many families.

I always had a concept of hockey legends bringing hockey to the inner city via street hockey. Unfortunately, I put the "emergency break" on each time I had this thought and never followed through with it.

Then in 2013, I watched Mel Robbins TEDx talk and at the 19th minute of a 21-minute presentation, she introduced the "5 second rule."

Bingo!

I immediately got the inner city hockey program out of my head and put it into action. Soon, I joined forces with former US Olympic hockey Star David A. Jensen and the Boston Bruins Alumni to create the "Hockey in the Streets" program, which now conducts camps, clinics and leagues in many urban areas throughout New England.

As the program continues to expand, thousands of urban kids will have the chance to experience the great game of hockey. But, it couldn't have happened with the "emergency break" on!

<http://www.daihockey.com/summer-2016-urban-street-hockey-program.html>

#### **Summer 2016 Urban Street Hockey Program**

The Massachusetts Department of Conservation and Recreation...

**The Rule is also a powerful tool in the battles of addiction and depression.** Bill learned about the #5SecondRule on a Reddit thread and it was the “Right message. Right place. Right time.” He started using the Rule’s “countdown trick” to quit drinking and it’s working “amazing!!” He just celebrated his 40th birthday completely sober.

 Bill

I stumbled across your TED talk on a Reddit thread. Watched it like 10 times. And now I am 5 days sober. And going strong. So thank you. Right message. Right place. Right time.

 Hi Mel!! I am doing very well. I turned 40 on Saturday, and have stayed sober the entire time!!! I have been to a couple social functions and used the countdown trick, it works amazing!!

**And it might even save your life** A work colleague of mine recently reached out and shared a very poignant #5SecondRule story with me. After he and his wife split up, he fell into a deep depression. It got so bad that he “contemplated suicide.” At his lowest point, he used the Rule to “put it down and call for help.” Finding the courage to get out of his head by counting 5- 4- 3- 2- 1 and then calling for help saved his life.

Mel, hope all is well. I have been meaning to write you for a while. As you know I have heard you speak a few times, we have hung out and I follow your various 'posts'. Know what you do matters. My wife and I split over a year ago and it has been hard. So hard that I contemplated suicide, however at my lowest point I said to myself 5-4-3-2-1 put it down and call for help. I am doing great now, life is good and I have rediscovered my purpose. Never doubt the good you are doing and the difference you are making. 5-4-3-2-1 go out and have a great day. Cheers

In using the Rule for more than seven years, and hearing from people all over the world, I've come to realize that every single day we face moments that are difficult, uncertain, and scary. Your life requires courage. And that is exactly what the Rule will help you discover—the courage to become your greatest self.

## **How Can One Simple Tool Work in So Many Powerful Ways?**

Great question. The #5SecondRule is only ever working on one thing—YOU. You have greatness inside of you. Even at your lowest point, greatness is there. The Rule will give you both the clarity to hear that greatness and the courage to act on it.

Using the Rule, I have discovered the courage to do things that I had spent years thinking about and making excuses for. Only through action have I unlocked the power inside of me to become the person that I've always wanted to be. And the confidence I exhibit on TV, online, and on stage is what I call “Real Confidence.”

I've built Real Confidence by learning how to honor my instincts with action so that they come to life in the real world. I use the word "honor" on purpose. That's what you are doing when you use the Rule. You are honoring yourself. You are championing your ideas. And each time you use it, you take one step closer to being the person you are truly meant to be. I have changed from the kind of person who just thinks about my ideas to having the confidence to share, act on, and pursue them. If you use the Rule consistently and you honor your instincts with action, the exact same transformation will happen to you.

Marlowe discovered just how easy it is to use the Rule to transform herself. Days after learning the Rule, she used it to stop thinking about signing up for classes and actually do it, which was something she "had been wanting to do but kept making excuses for, for a long time."



Marlowe

Mel!!!! I was a part of the Achievers team when you came and gave a life-changing, earth shattering talk at our ACE conference in Toronto September 14th. I just started reading your book and haven't been able to put it down. In fact, before even getting half way through it, I was reading it in bed one evening and I literally put your book down, got up and drove to York University and signed up for courses- something I had been wanting to do but kept making excuses for, for a long time. It is absolutely incredible and awe-inspiring how easy things become once you wrap your head around your own ability to PUSH yourself. I love you, and I love your book! Your wisdom needs to be shared around the world. You have truly impacted my life in such a short time and I can't even begin to describe how amazing it feels to feel in control. I sincerely hope you come out with another book soon. Sincerely- another grateful fan.



Marlowe

People need to understand just how freaking EASY it is once you actually try it. I'm astonished really. That's why I felt the need to reach out, I know you hear these stories everyday I'm sure but I have literally been procrastinating about signing up for these last 2 courses for years- honestly. And in the middle of your book I was like, what am I waiting for? All I have to do is get in my car and drive 30 minutes to sign up and just do it. So I did. And I'm currently enrolled for this fall semester and winter and I feel challenged and it's exciting! I know that once I accomplish this I'll be looking for my next mountain to climb and I finally feel like I'm doing something for me that will benefit me and what's better is I had the PUSH to do it myself. It feels great. It was a privilege to be able to sit in on your talk, truly! You're an inspiration



As Marlowe put it, “it’s absolutely incredible and awe-inspiring how easy things become once you wrap your head around your own ability to PUSH yourself.”

She’s right. Once you start using the Rule to push yourself out of your head and into action, you’ll be “astonished” by how easy it is to make a five second decision that changes everything.

As I used the Rule more and more in my life, I realized that I was making small decisions all day long that held me back. In five seconds flat, I’d decide to stay quiet, to wait, and not to risk it. I’d have an instinct to act and within five seconds my

mind would kill it with doubt, excuses, worry, or fear. I was the problem and in five seconds, I could push myself and become the solution. The secret to change had been right in front of my face the entire time—five seconds decisions.

Have you ever seen that famous commencement address David Foster Wallace gave at Kenyon College in 2005? If you haven't seen or read this speech, you can find it on YouTube and it's definitely worth the 20 minutes it takes to watch.

In it, Wallace steps up to the mic and starts off with this joke:

*There are these two young fish swimming along, and they happen to meet an older fish swimming the other way, who nods at them and says, "Morning, boys, how's the water?"*

*And the two young fish swim on for a bit, and then eventually one of them looks over at the other and goes, "What the hell is water?"*

You can hear the audience laugh in the video, and then Wallace explains the immediate point of the fish story is that "*the most obvious, important realities are often the ones that are the hardest to see and talk about.*"

For me, the hardest thing to see and talk about was the very nature of change itself. I had always wondered why it was so damn hard to make myself do the things that I knew I should do in order to expand my career, enrich my relationships, become healthier, and improve my life. Discovering the #5SecondRule gave me the million-dollar answer—change comes down to the courage you need every day to make five second decisions.

## You Are One Decision Away from a Completely Different Life

Inside this book, I'm going to share everything that I've learned about change and the power of everyday courage. You're going to love what you are about to learn. The coolest part will be when you start to use the Rule and see the results for

yourself. You will not only wake up and realize just how much you've held yourself back. You will also awaken the power that's been inside of you all along.

As you read the stories inside these pages, you might even realize that you've used the #5SecondRule before. If you look back on your life and reflect on some of the most important moments, I guarantee that you've made a life-changing decision purely on instinct. In five seconds flat, you made, what I call, a "heart-first decision." You ignored your fears and let your courage and your confidence speak for you. Five seconds of courage makes all the difference.

Just ask Catherine. When she first learned about the #5SecondRule at her company's executive leadership offsite, it made her realize she had used the Rule to make one of the most important decisions of her life—she just didn't realize it at the time. In 1990, her sister Tracy was killed and Catherine traveled back home to help. That's when "a 5 Second decision" changed not only her life "but so many others as well." She decided to raise her sister's "two little ones" who were "left behind" when Tracy died.



Catherine

Hi Mel,  
Can't wait for your book. Makes me appreciate all the great things that have come out of trusting your gut. My sister Tracy was killed by her husband in 1990. Her two little ones were left behind Dan 4 and Trudy 18 months. I came home to help out with the kids.....I still remember walking in that day, never having met them and Trudy walked right up to me and gave me a hug. A 5 second decision led to raising them, adopting them, getting married, having a third, and now a grandma to Trudy' 3 kids. 5 seconds not only changes your life but so many others as well. I finally get what a "no brainer" really means. Your heart speaks first and you listen. Thanks for your inspiration. I know I have a story to tell too.

Always a FAN,  
Catherine 

I love how she describes the decision as a “no brainer”—because when you act with courage, your brain is not involved. Your heart speaks first and you listen. The Rule will teach you how.

Will it take some effort on your part to discover the power within you? Yes, it will. But as Marlowe said just a few pages ago, “It is absolutely incredible and awe-inspiring how easy things become” when you do.

Doing the work to improve your life is simple, you can do it, and it’s work you want to do—because it’s the most important work that there is. It is the work of learning how to love and trust yourself enough to stop waiting and to start leaning into all the magic, opportunity, and joy that your life, work, and relationships have to offer.

I'm so excited to hear about what happens when you start using the #5SecondRule. But I'm jumping ahead of the story. Before we can talk about all of the exciting ways that you can use the Rule, I need to take you back to 2009 and explain how this all started.

# **cour-age**

**/'kerij/**

*noun*

- **The ability to do something that is difficult or scary**
- **Stepping outside of your comfort zone**
- **Sharing your ideas, speaking up, or showing up**
- **Standing firm in your beliefs and values**
- **And some days...getting out of bed.**

## CHAPTER TWO

# HOW I DISCOVERED THE 5 SECOND RULE

---

**“COURAGE IS FOUND**

**IN UNLIKELY PLACES.”**

**J.R.R. TOLKIEN**

This all started in 2009. I was 41 years old and facing some major problems with money, work, and in my marriage. As soon as I woke up each morning, all I felt was dread.

Have you ever felt that way? It's the worst. The alarm rings, and you just don't feel like getting up and facing the day. Or, you lie awake at night with your head spinning as you worry about all of your problems.

That was me. For months, I felt so overwhelmed by the problems I had that I could barely get out of bed. When the alarm rang at 6 a.m., I would lie there and think about the day ahead, the lien on the house, the negative account balance, my

failed career, how much I resented my husband...and then I would hit the snooze button. Not once, but over and over again.

In the beginning, it wasn't a big deal, but as is the case with any bad habit, as time went on, it snowballed into a much bigger problem that impacted my entire day. By the time I finally got up, the kids had missed the bus and I felt like I was failing at life. I spent most of my days tired, running late, and feeling totally overwhelmed.

I don't even know how it started—I just remember feeling so defeated all the time. My professional life was in the gutter. Over the past 12 years, I had changed careers so many times that I was developing multiple personalities. After graduating from law school, I started my career as a public defender for the Legal Aid Criminal Defense Society in NYC. Then I met my husband Chris and we got married and moved to Boston so that he could pursue his MBA. In Boston, I worked crazy hours for a large law firm and was miserable all the time.

When our daughter was born, I used my maternity leave to look for a new job and landed in the Boston startup scene. I worked for several tech startups during those years. It was fun and I learned a lot but I never felt like tech was the right career for me.

I hired a coach to help me figure out “what to do with my life.” Working with a coach led me to want to become one. So, like a lot of people, I worked during the day, focused on the kids when I got home, and then I studied at night to get the certification I needed. Eventually, I launched a coaching business. I loved it, and I would probably still be doing it if the media had not called.

My media career began as a fluke: *Inc.* magazine published an article featuring my coaching business and an executive at CNBC saw it and called. That one call led to lots of meetings. After months of tryouts, I landed a “development deal” with ABC and a call-in radio show on Sirius.

Sounds fancy, but it wasn't. I was surprised to learn that most development deals pay next to nothing and that radio pays even less than that. In reality, I was a mother of three driving back and forth to NYC, sleeping on friends' couches in the city, coaching clients on the side to make the ends meet, leaning too much on friends and family to fill the childcare gaps, and doing whatever I could to make it all work.

After several years scraping by in the media business, I got my "big break." I was cast to host a reality show for FOX. I had visions of magically solving all of our financial problems by becoming a TV star. What a joke. We shot a few episodes of a show called *Someone's Gotta Go*, and then the network tabled the show. In an instant, my media career hit a dead end. I only got paid if we were shooting. I found myself unemployed and locked into a contract for ten months that prevented me from pursuing another media job.

By this point, Chris had finished his MBA and started a thin crust pizza restaurant with his best friend in the Boston area. In the beginning, things were going great. The first location was a home run, the company won Best of Boston™, multiple regional awards, and the pizza was fantastic. They opened up a second restaurant and, on the encouragement of a large grocery chain, a wholesale operation. On the outside, it looked like business was booming. But on the balance sheet, the wheels were starting to come off. They had expanded too quickly. The second restaurant failed and the wholesale business needed more cash to grow. Things got scary very fast.

Like a lot of small business owners, we had poured our home equity line and life savings into the restaurant business and it was now disappearing before our eyes. We had no savings left and the home equity line was fully tapped out. Weeks went by without Chris getting paid. Liens started to hit our house.

With me out of work and Chris's business struggling, the financial pressure mounted; scary letters from attorneys seemed to arrive daily and checks constantly bounced. The collection calls were so relentless that we unplugged the phone. When my dad sent us money to cover the mortgage, I was both grateful and ashamed.

In public, we tried to keep up appearances because so many friends and family members had invested in the restaurant business, which only made the pressure worse. Chris and his partner were working around-the-clock to save it. I tried to keep an upbeat façade, but on the inside I was overwhelmed, embarrassed, and afraid. Our financial problems were tearing us apart. I blamed the restaurants and he blamed me for pursuing a career in the media business. In truth, we were both to blame.

No matter how bad your life can seem, you can always make it worse. I did. I drank too much. Way too much. I was jealous of friends who didn't have to work. I was bitchy and judgmental. Our problems seemed so big that I convinced myself there was nothing I could do. Meanwhile, in public, I just pretended everything was fine.

In hindsight, I can see that is was just easier to feel sorry for myself and blame Chris and his struggling business than to take a look in the mirror and pull myself together. The best way to describe how I felt was "trapped." I felt trapped by my life and the decisions I had made. I felt trapped by our money problems. And I felt trapped in a frustrating struggle with myself.

I knew what I should or could be doing to make things better, but I couldn't make myself do those things. They were small things: getting up on time, being nicer to Chris, getting support from friends, drinking less, and taking better care of myself. But knowing what you need to do isn't enough to create a change.

I would think about exercising, but I wouldn't. I would consider calling a friend to talk, but I didn't. I knew that if I tried to find a job outside of the media industry it would help, but I couldn't motivate myself to look. I didn't feel comfortable going back to coaching people because I felt like such a failure myself.

I knew what I needed to do but I couldn't make myself take action. And that's the thing that makes changing so hard. Change requires you to do things that feel hard and scary. Change requires courage and confidence—and I was tapped out of both.

What I did do was spend a lot of time thinking. Thinking made everything worse. The more I thought about the situation that we were in, the more afraid I felt. That's what your mind does when you focus on problems—it magnifies them. The more I worried, the more uncertain and overwhelmed I became. The more I thought, the more paralyzed I felt.

Every night, I'd have a few drinks to take the edge off. I'd climb in bed drunk or buzzed, close my eyes, and dream about a different life—one where I didn't have to work and all of our problems had magically disappeared. The moment I woke up, I had to face reality: my life was a nightmare. I was 41, unemployed, in financial ruin, struggling with a drinking problem, and had zero confidence in my or my husband's abilities to fix our problems.

That's where the snooze button came in. I hit it...two, three, or four times a morning. When I hit that snooze button it was the one moment every day where I actually felt like I was in control. It was an act of defiance. It was as if I were saying,

*"Oh yeah?! Take that, life! \*\*\*\* you! I'm not getting up right now; I'm going back to sleep. So, there!"*

By the time I finally got up, Chris had already left for the restaurants, the kids were in various states of dress, and the school bus was long gone. To say mornings

were chaotic would be putting it politely. They were a train wreck. We were always late. I forgot lunches, backpacks, gym bags, and permission slips as we raced out the door. I felt ashamed by the number of balls I dropped every single day. Feeling that shame just put me on edge even more.

And here's the kicker: I knew what I needed to do to start my day right. I needed to get up on time, make breakfast, and get the kids on the bus. Then I needed to look for a job. It's not like I had to climb Mount Everest. However, the fact that it was simple stuff actually made it worse. I had no legitimate excuse for why I couldn't get it done.

My self-confidence was in a death spiral. If I couldn't even get up on time, how the heck could I have faith in myself to fix the bigger financial and marriage problems that Chris and I faced? Looking back, I can see that I was losing hope.

Have you ever noticed how the smallest things can feel so hard? Having heard from thousands of you, I know that I am not alone on this one. The list of *hard* things is surprisingly universal:

Speaking in a meeting	Hitting “send” on emails	Stepping on a dance floor
Staying positive	Sticking to your plan	Publishing your work
Making a decision	Leaving the house	Getting to the gym
Finding time for yourself	Volunteering to go first	Eating in moderation
Asking for feedback	Showing up at a reunion	Saying “no”
Raising your hand	Blocking an ex on social media	Asking for help
Asking for a raise	Talking to someone you find attractive	Letting your guard down
Ending self-doubt		Admitting you are wrong
Working on your résumé		Listening

In my case, it was getting up on time. Lying in bed every night, I would make promises to myself that tomorrow I would change:

*Tomorrow, I will change. Tomorrow, I will wake up earlier. Tomorrow, I will have a better attitude and try a little harder. I will go to the gym. I'll be nice to my husband. I'll eat healthy. I won't drink so much. Tomorrow I will be the future me!*

And with that vision in mind and a heart full of hope, I'd set my alarm for 6 a.m. and close my eyes. And the cycle would begin the very next morning. As soon as that alarm rang, I didn't feel like the "future me." I felt like the old me, and the old me wanted to keep sleeping.

Yes, I thought about getting up, and then I would hesitate, roll toward the alarm, and hit the snooze button. Five seconds was all it took for me to talk myself out of it.

The reason that I didn't get out of bed was simple: I just didn't *feel like it*. I would later learn that I was stuck in what researchers call a "habit loop." I had hit the snooze button so many mornings in a row the behavior was now a closed-loop pattern encoded in my brain.

Then one night, everything changed.

I was about to turn off the TV and head to bed when a television commercial caught my attention. There on the screen was the image of a rocket launching. I could hear the famous final five-second countdown, 5- 4- 3- 2- 1, fire and smoke filled the screen, and the shuttle launched.

I thought to myself, "*That's it, I'll launch myself out of bed tomorrow...like a rocket. I'll move so fast I won't have time to talk myself out of it.*" It was just an instinct. One that I could have easily dismissed. Luckily, I didn't. I acted on it.

The fact is, I wanted to solve our problems. I didn't want to destroy my marriage or keep feeling like the world's worst mom. I wanted to be financially secure. I wanted to feel happy and proud of myself again.

## **And I Desperately Wanted to Change. I Just Didn't Know How.**

And this is an important point in my story. This instinct to launch myself out of bed was my inner wisdom talking. Hearing it was a tipping point. Following its instructions was life-changing. Your brain and your body send you signals to wake up and to pay attention. This idea of launching myself out of bed is an example of that. Your instincts may seem stupid in the moment, but when you honor them with deliberate action, it can change your life.

There's more to this point about acting on your instincts than just the phrase "trust your gut." New research from the University of Arizona, in partnership with Cornell and Duke, has shown that there's a powerful connection between your brain and your instinct to act. When you set a goal, your brain opens up a task list. Whenever you are near things that can help you achieve those goals, your brain fires up your instincts to signal to get that goal completed. Let me give you an example.

Let's say you have a goal to get healthier. If you walk into a living room, nothing happens. If you walk past a gym, however, your prefrontal cortex lights up because you are near something related to getting healthier. As you pass the gym, you'll feel like you *should* exercise. That's an instinct reminding you of the goal. That's your inner wisdom, and it's important to pay attention to it, no matter how small or silly that instinct may seem.

Subconsciously, my brain was signaling me to pay attention to this rocket launch on TV. In that five-second moment, my brain was sending me a very clear set of instructions:

*Pay attention to that rocket launch, Mel. Grab the idea. Believe in it. And do it. Don't stop and think. Don't talk yourself out of it. Launch yourself out of bed tomorrow, Mel.*

That's one of the things I've learned using the #5SecondRule. When it comes to goals, dreams, and changing your life, your inner wisdom is a genius. Your goal-related impulses, urges, and instincts are there to guide you. You need to learn to bet on them. Because, as history proves, you'll never know when your greatest inspiration will strike and where that discovery will lead you if you trust yourself enough to act on it.

This is how some of the world's most useful inventions were discovered. In 1826, John Walker discovered the match while he was using a stick to stir a pot of chemicals, and when he tried to scrape a gob off the end—it ignited. He followed his instinct to try to recreate it and this is how he discovered the match. In 1941, George de Mestral invented Velcro® after noticing how easily cockleburs attached to his dog's fur. In 1974, Art Fry got the idea for the Post-It® Note because he needed a bookmark that would stay put on a page in his hymnal until Sunday's church service, but that would not damage the pages when he removed it.

That's even how the Frappuccino was born. In 1992, an assistant manager at a Starbucks in Santa Monica noticed that sales dropped whenever it was hot outside. He had an instinct to make a frozen drink and he followed it, asking for a blender, tinkering with recipes, and giving a Vice President a sample. The first Frappuccino rolled out in his store a year later.

When it comes to change, goals, and dreams, you have to bet on yourself. That bet starts with hearing the instinct to change and honoring that instinct with action. I feel so thankful that I listened to my dumb idea about launching myself out of bed like a rocket because everything in my life changed as a result of it. Here's what happened:

The next morning the alarm rang at 6 a.m. and the first thing I felt was dread. It was dark. It was cold. It was winter in Boston and I did not want to wake up. I thought about the rocket launch and I immediately felt like it was stupid. Then, I

did something that I had never done before—**I ignored how I felt. I didn't think.**

### **I did what needed to be done**

Instead of hitting the snooze button, I started counting.

Backwards.

**5..4..3..2..1..**

And then I stood up.

That was the exact moment I discovered the #5SecondRule.

# The 5 Second Rule

The moment you have an **instinct** to act on a goal  
you must

**5-4-3-2-1**

and **physically move** or your **brain will stop** you.

## CHAPTER THREE

# WHAT YOU CAN EXPECT WHEN YOU USE IT

---

**"IT MATTERS NOT WHAT SOMEONE**

**IS BORN, BUT WHAT THEY GROW TO BE."**

**J.K. ROWLING**

When I used the Rule that first morning, I was as surprised as you are that something that stupid worked. Counting backwards? 5- 4- 3- 2- 1... seriously? I didn't know why it worked. I just knew it did. I had struggled for months to wake up on time and suddenly the #5SecondRule made changing my behavior simple.

Later I would learn that when you count backwards, you mentally shift the gears in your mind. You interrupt your default thinking and do what psychologists call “assert control.” The counting distracts you from your excuses and focuses your mind on moving in a new direction. When you physically move instead of stopping to think, your physiology changes and your mind falls in line. In researching this

book, I discovered that the Rule is (in the language of habit research) a “starting ritual” that activates the prefrontal cortex, helping to change your behavior.

The prefrontal cortex is the part of your brain that you use when you focus, change, or take deliberate actions. I knew what the prefrontal cortex was, but I would soon learn through my research about the basal ganglia, habit loops, activation energy, behavior flexibility, cognitive biases, neural plasticity, the progress principle, and locus of control. I certainly didn’t realize I had just discovered a singular technique that impacted all of them.

I used the Rule the next morning, and it worked again. And then a funny thing happened: I started to see five-second moments all day long, just like my struggle to wake up on time. If I stopped to think about what I knew I needed to do, I was toast. It took less than five seconds for excuses to flood my mind and for my own brain to stop me.

As you use the Rule, you’ll see it too—there is a five-second window between your initial instinct to act and your brain stopping you. Seeing the five-second window changed everything for me. The problem was very clear. It was me. I was holding myself back, five seconds at a time.

So I made myself a simple promise: If I knew that I should do something that could change me for the better, then I would use the Rule to push myself to do it, *regardless of how I felt*. I started using the Rule to force myself to not only get up early, but also to get to the gym, look for a job, drink less, and be a better parent and wife.

If I started to feel too tired to exercise, I would

5- 4- 3- 2- 1 and push myself out the door for a run.

If I started pouring a drink that I shouldn’t have, I’d

5- 4- 3- 2- 1 and put down the bottle of bourbon and walk away.

If I felt myself being bitchy with Chris, I'd

5- 4- 3- 2- 1 and correct my tone and make myself be kinder.

If I caught myself procrastinating, I'd

5- 4- 3- 2- 1 and sit down and start working on my résumé.

What I discovered is powerful: pushing yourself to take simple actions creates a chain reaction in your confidence and your productivity. By pushing yourself to take the simple steps of moving your life forward, you create momentum and experience a sense of freedom and power that's hard to accurately describe. Rachel found that the "simple step" of getting up on time "started a chain of events" that led to her losing "30 pounds, bought my first home, and reinvigorated my marriage."

From: Rachel

Message Body:

You've helped me change my life and we've never even met. Since watching your Ted Talk a few months ago I've lost 30 pounds, bought my first home, and reinvigorated my marriage. I have no idea if you'll actually see this (I imagine you get a lot of mail), but I needed to thank you for the simple challenge of getting up 30 minutes earlier. That simple step started a chain of events that have made all the difference for me.

Rachel used the word "reinvigorated," and that's exactly what the Rule does. Rebecca had the same experience. By using the Rule to 5- 4- 3- 2- 1 and push herself to make small moves forward, she's breaking out of a mental jail. No longer trapped by analysis paralysis, Rebecca feels "FREE for the 1st time in 47 years!"



## Rebecca



I finally feel FREE for the 1st time  
in 47yrs!!!!



For the 1st time I BELIEVE IN  
ME....for the 1st time I LOVE ME!

There's an important concept in psychology put forth by Julian Rotter in 1954. It's called "locus of control." The more that you believe that you are in control of your life, your actions and your future, the happier and more successful you'll be. There's one thing that is guaranteed to increase your feelings of control over your life: a bias toward action.

Forget motivation; it's a myth. I don't know when we all bought into the idea that in order to change you must "feel" eager or "feel" motivated to act. It's complete garbage. The moment it's time to assert yourself, you will not feel motivated. In fact, you won't feel like doing anything at all. If you want to improve your life, you'll need to get off your rear end and kick your own butt. In my world, I call that the power of a push.

One of the reasons why the #5SecondRule is so empowering is because it turns you into the kind of person who operates with a bias toward action. If you tend to overthink every move, you'll discover the energy and confidence to stop thinking and actually move. Using the Rule strengthens your belief that you do have the

ability to control your own fate—because you are proving it to yourself one push at a time.

Jenney is finally taking control of her health. She realized that when she would eat a meal of “canned raviolis, a bag of chips, and a soda...then complain about being overweight,” she was sabotaging her efforts to lose weight. By committing to “5- 4- 3- 2- 1-HEALTHY,” Jenney was able to use the Rule to give herself the “kick in the arse” she needed.

I already started this morning! My alarm clock went off this morning and I hit snooze, THEN said, "5-4-3-2-1 GO!" and got out of bed.

I had to stop at the store for lunch on my way to work. I normally get canned raviolis, a bag of chips, and a soda...then complain about being overweight. Right before I walked in the store, I said, "5-4-3-2-1 HEALTHY" and got a sandwich and a water.

I need to lose 90 to 100 pounds and starting TODAY I am going to do it! I am not going to wait till...the first day of the month, the last day of the month, Monday, Friday, or whatever future date I tell myself will work. I am starting TODAY and I want to thank YOU for being my motivation/kick in the arse I needed!

When Donna first learned the Rule at an Aveda Institute Conference she thought, “Yeah, yeah I’ll use it, but it’s not going to be life changing...” That’s how I felt about the Rule too—that I’d just use it as a trick to beat the snooze alarm. Boy, was I wrong! So was Donna; it changed just about everything in her life and business. As Donna found, “Only we can hold ourselves back. It’s amazing to see how horribly I held myself hostage out of fear and where I am today. More importantly, where I see myself in years to come.”



**Donna**

While still a student at the Aveda Institute Tallahassee I sacrificed many things in order to afford a ticket and travel to "Serious Business" in New Orleans. Those choices and determination changed my life in a dramatic way.

At "Serious Business" I heard incredible speakers that inspired me right at the transition point of my career. Mel spoke about the 5 Second Rule and at the time I thought yeah yeah I'll use it but it's not going to be life changing. I slowly started using it in small daily tasks: "I want to stay in bed... ugh ok 5-4-3-2-1" and I would get up and start my day. Then it subconsciously became a habit. It built confidence within me I didn't know I had.

\*My boss/mentor asked me to be a salon mentor. I was one of the newest in the salons yet I was given to opportunity to coach on new products to our team members. 5-4-3-2-1-Go! Coach with confidence.

\*I want to be an Aveda educator and instead of waiting on the opportunity to take classes I made that opportunity a reality. I asked my boss/mentor for a meeting to discuss to possibility and now I'm on the track for taking classes and making my dream a reality. 5-4-3-2-1-Go! Don't be afraid to ask the universe for what you want in life.

\*At "Dare to Dream" an Aveda conference while sitting in the audience I thought I was covering my eyes from the stage lights when the speakers on stage thought I volunteered to speak in front of the entire venue. When they brought me the microphone I panicked for a moment. 5-4-3-2-1-Go! Be brave. Don't say no to opportunities even if you blindly stumbled upon them.

5-4-3-2-1-Go! Whatever I'm faced with - just go. My career has become so much more with making myself step off the ledge boldly. Even though in the beginning I felt like I tripped over the edge or praying someone would help pull me over. I've realized the more times I step boldly and didn't say no to opportunities the more my confidence is built and the easier it is to say yes to my future. Only we can hold ourselves back. It's amazing to see how horribly I held myself hostage out of fear and where I am today. More importantly where I see myself in the years to come. Go! Do! Say yes in... 5-4-3-2-1.

"If you're going to doubt something, doubt your limits." -Mel Robbins.

As you use the Rule more and more, you'll begin to feel courage, confidence, pride, and a sense of control. The Rule has that effect. I often tell people “the Rule will haunt you,” and I mean it—just ask Darryl.



Darryl

@melrobbins My life is moving forward because of #5secondrule. You haunt my every day, in a really good way!

That's because you'll realize you've been sleepwalking through life for a long time. Something this simple, easy, and effective is also contagious. Crystal has already started using it with her son:



Crystal

I really enjoyed your presentation at Get Real 2016! So much energy and vibrancy. I am already teaching 5 4 3 2 1 Go to my 8 year old. So looking forward to seeing my life change... for the better.

The first person I told about the Rule was my husband. Chris had definitely noticed the changes, in particular that my bitchy demeanor was melting and that I was actually being proactive. It didn't take much to convince him that there was a "secret weapon" mentality he was living without.

He adopted the Rule and used it to make some major changes. He quit drinking, started meditating daily, and exercising every morning. The Rule doesn't make these things easy; it makes them happen. That's why I describe it as a tool.

Instead of avoiding the creditor calls and bankruptcy letters, we 5- 4- 3- 2- 1 to hit it head on. I used 5- 4- 3- 2- 1 to push myself to reach out to old coaching clients to rev up the referral engine. I used 5- 4- 3- 2- 1 to propel myself to go on

interviews for radio hosting gigs, despite the contract issues with FOX. Together we 5- 4- 3- 2- 1 to push ourselves to meet with accountants and financial advisors to restructured our debt and do the nauseating work to face the hole we had dug, and get disciplined about slowly crawling our way out of it.

Chris brought the Rule into his business to push himself through fear, guilt, and uncertainty. He and his partner met with dozens of advisors, crunched financial models, worked day and night until they closed the wholesale business, and grew their retail locations enabling them to sell off select locations and pay back as many investors and creditors that they could. It's remarkable what Chris and Jonathan did. Grit, hustle, and commitment. They pushed, pushed, and pushed some more.

To this day, when Chris reflects on the restaurant days, his mind will sometimes drift toward feeling like a failure. When he catches himself thinking those negative thoughts, he uses 5- 4- 3- 2- 1 to redirect his mind to think about what they did build: seven restaurants, an incredible employee culture, millions in revenue, and a remarkable brand. Did it end up how he had dreamt? No, it didn't. But what he learned about business, partnership, and himself during the process is worth more than money can buy.

There's nothing more powerful than the feeling of confidence and pride you gain when you keep trudging forward, face life's challenges head on, and push yourself to change for the better. As Chris put it, "the Rule helped me process the experience of succeeding and failing—on so many levels. Ultimately, this awareness gave me power and control over my positive and negative thoughts."

As we started to reconnect with friends, the Rule would often come up. You'll find that too. Jennifer learned the Rule and told her nurse about it. Her nurse's response? "You have no idea how many times I'll need to do this a day."



Jennifer

I was talking to my nurse about my amazing trip to Nashville and was telling her about Mel Robbins 5-4-3-2-1 rule and she was blown away and going to start doing it. She said "you have no idea how many times I'll need to do this in a day." #54321 #justdoit #besomeonescheerleader #inspire #conqueryourfears

The Rule ignites something powerful in everyone who tries it. One of our friends had the courage to ask for a divorce and another left his consulting job for one that didn't require travel. A work pal lost 73 pounds and my uncle stopped talking about giving up smoking and finally quit. A friend of Chris's moved back to Maine and used the Rule to negotiate an awesome job working remotely.

The #5SecondRule gave them all what it had given me: the framework, the courage, and the method for HOW to push yourself to change.

The first time I shared the Rule in public was in 2011 during a TEDx Talk entitled "*How to Stop Screwing Yourself Over.*" The funny thing is that the talk was mostly about my dream (back then) of becoming a top talk radio show host and how I help people live the lives that they really want. I only mention the #5SecondRule at the very end of the speech, and I barely even explain it. What happened next was crazy. The talk went viral. Millions of people watched it online. And that's not all. They started writing.

Every single day, I hear from people around the world who are using the Rule, just like Mark. Mark is using it to create some pretty incredible changes in just 6 months:

**fujfocus** Just so you know, with the help of 5SR and your inspiration, I'm doing so much in the last six months, like on pace to double my business in two years, writing a book on business sale and then another one on 100 days outside of my comfort zone, finding and being with the woman beyond my dreams @amyazzarito, being closer with my kids than ever. and making plans to explore the world.

It's the coolest thing. More than 100,000 people in more than 80 countries, to date, have written to me about their experiences using it. As more and more people started to write with questions and requests for more information, I began to research the Rule in depth so that I could better explain the many ways you can use it and prove why it works. I'm a lawyer by profession, so I really went nuts on the research. I looked for precedent, evidence, and guidance as if I were going to have to prove my case about the #5SecondRule to a jury.

It took me almost three years. I read everything I could find on the subject of change, happiness, habits, motivation, and human behavior. I read social science experiments, happiness research, books on the brain, and neuroscience studies. I didn't limit my research to the "experts;" I sent questionnaires to everyday people, like you and me, who were using the Rule. Then I got on the phone, Skype, and

Google Chat, and dug into the step-by-step experiences of what someone faces the moment they choose to change.

As I deconstructed the moment of change, I uncovered something fundamental about how each and every one of us is wired. Right before we're about to do something that feels difficult, scary or uncertain, we hesitate. Hesitation is the kiss of death. You might hesitate for a just nanosecond, but that's all it takes. That one small hesitation triggers a mental system that's designed to stop you. And it happens in less than—you guessed it—five seconds.

Ever notice how fast fear and self-doubt take over your head and you start making up excuses for why you shouldn't say something or do something? We hold ourselves back in the smallest, most mundane moments every day, and that impacts everything. If you break this habit of hesitating and you find the courage to “take some kind of action,” you’ll be astonished by how fast your life changes. That’s what Keith discovered after learning the Rule at a RE/MAX convention. Now he’s able to “do extraordinary things.”



**Keith Pike Mel,** I first heard of you in 2015. Then I had the pleasure of seeing you live at the RE/MAX convention in Las Vegas in February 2016. You've inspired me to be able to do extraordinary things. I just had to get out of my own way and take action. In 18 months, I have achieved unbelievable success by opening 3 offices and recruiting more than 50 agents in lil ole Arkansas. No more hesitation, no more procrastination. I take some kind of action and it helps launch me to my goal. A large task suddenly becomes manageable. The hardest part is starting. Thank you, for sharing your story and for encouraging us to be the best versions of ourselves.

You see, it's not the big moves that define our lives; it's the smallest ones. Within five seconds of stopping to think, you'll have decided not to take any action on those small things. Over time, those small decisions build. And here's the kicker: We've repeated this pattern of hesitating, worrying, and doubting ourselves so much, that these actions are now habits that have encoded in our brains.

The fact that hesitating, holding yourself back, and overthinking are habits is good news. There's a simple, proven way to break or replace bad habits and the #5SecondRule is the easiest way to do it. Once you read about habit loops, starting rituals, activation energy, and the role that feelings play in triggering your decisions, you'll appreciate the magnitude of the #5SecondRule. As you use the Rule, you'll see how change hinges on five second decisions and just how easily you can take back control.

The Rule will work every time you use it. But you have to use it. It is a tool. If you stop using it, fear and uncertainty will creep back in and take control of your decisions. If that happens, just start using the Rule again.

As you use the Rule over time, you'll experience a shift inside yourself that is much deeper, a transformation that impacts confidence and inner strength. You will come face to face with the excuses, habits, feelings, insecurities, and fears that have haunted you for years. You will see the bullshit you put yourself through every day and how much precious time you waste waiting for things to change.

By using the Rule, that waiting will end. You will be absolutely amazed by how much joy and freedom you feel by making five-second decisions. Freedom is exactly how Robin described what she gets from using the Rule.



**Robin**

@melrobbins thx 4 the life-changing  
#5SecondRule there is freedom in taking action.



Robin

@melrobbins my passion & vision 4 making a difference R huge my confidence sometimes lags. When in doubt I apply #5SecondRule  
#BizPridePiper

And that's what I've gained too—life-changing freedom. The person I was seven years ago ... is gone. And that's a good thing. Every phase of your life and career will require a different you. Using the Rule, you'll become the person you're meant to become in this next phase of your life.

So, what do you say we dig into the basics of the Rule so you can start using it?



**Mel Robbins** ✨

@melrobbins

Knowing what you need to do to  
improve your life takes wisdom.  
Pushing yourself to do it takes  
courage. #5SecondRule

# CHAPTER FOUR

# WHY THE RULE WORKS

---

“YOU CAN CHOOSE COURAGE OR YOU

CAN CHOOSE COMFORT, BUT YOU CANNOT HAVE BOTH.”

BRENÉ BROWN

Over the years, I've received lots of questions about the #5SecondRule. I wanted to start your introduction to using the Rule by answering some of the most frequently asked question I've received about this awesome tool.

## What Exactly Is the #5SecondRule?

The Rule is a simple, research-backed metacognition tool that creates immediate and lasting behavior change. Metacognition, by the way, is just a fancy word for any technique that allows you to beat your brain in order to accomplish your greater goals.

## How Do I Use the Rule?

Using the Rule is simple. Whenever you feel an instinct fire up to act on a goal or a commitment, or the moment you feel that yourself hesitate on doing something and you know you *should* do, use the Rule.

Start by counting backwards to yourself: 5- 4- 3- 2- 1. The counting will help you focus on the goal or commitment and distract you from the worries, thoughts, and fears in your mind. As soon as you reach “1,” move. That’s it. It’s so simple but let me hammer this home one more time. Anytime there’s something *you know you should do*, but you feel uncertain, afraid, or overwhelmed...just take control by counting backwards 5- 4- 3- 2- 1. That’ll quiet your mind. Then, move when you get to “1.”

Counting and moving are actions. By teaching yourself to take action when normally you’d stop yourself by thinking, you can create remarkable change. Counting backwards does a few important things simultaneously: It distracts you from your worries, it focuses your attention on what you need to do, it prompts you to act, and it interrupts the habits of hesitating, overthinking, and holding yourself back.

If you are wondering if the Rule works if you count forward 1- 2- 3- 4- 5, instead of backwards 5- 4- 3- 2- 1, the answer is no—it doesn’t. Just ask Trent.



Trent Kruessel

Mel,

Pertaining to the 5 second rule, I've also found that it doesn't work if I count from 1 to 5. If I do that, I am tempted to say "6" and then the action is stalled. I have to count down from 5 to 1 because the next word in my mind (after 1) is "BLASTOFF". And that is definitely an action word.

Just my take.

As Trent discovered, if you count up, you can keep counting. When you count backwards 5- 4- 3- 2...there is nowhere to go after you reach “1,” so it is a prompt to move.

## **Why Is It Called the #5SecondRule?**

---

I get this question a lot. And I wish I had a better answer. I called it the “#5SecondRule” because that’s the first thing that popped into my mind the morning I first used it, and this name stuck. Remember, I had seen a rocket launch the night before and thought to myself, “I’ll just launch myself out of bed—like a rocket!” The next morning, I counted backwards 5- 4- 3- 2- 1—because that’s what NASA does when it launches a spaceship. I started with 5 for no particular reason other than it felt like the right amount of time to give myself.

I’ve come to learn that there are a lot of other “5 second rules” in the world, like the one about eating food off the floor, the five-second shot clock in basketball, the game Ellen DeGeneres plays on her talk show, and the five-second test you can do to see if a sidewalk’s surface is too hot for your dog to walk on.

Had I known my Rule would spread around the world, I might have come up with a more original name. But in hindsight, all these #5SecondRules have something in common. They require you to physically move within a five-second window.

Physical movement is the most important part of my Rule, too, because when you move your physiology changes and your mind follows. Perhaps the name is not only apropos—it’s actually perfect because it references other five-second windows in life, and that makes the Rule feel that much more familiar, universal, and true.

## **The Rule Sounds Like Nike’s Tagline “Just Do It”...**

---

The difference between “Just Do It” and the #5SecondRule is simple. “Just Do It” is a concept—it’s *what* you need to do. The #5SecondRule is a tool—it’s *how* you make yourself do it.

There's a reason why "Just Do It" is the most famous tagline in the world and resonates across all cultures. Do you know what makes the tagline so powerful? It's the word "JUST."

The word JUST is in there because Nike recognizes something we've talked a lot about in this book—right before we act, we first stop and think. "Just Do It" acknowledges that we're all struggling to push ourselves to be better and do better. We all hesitate and wrestle with our feelings before we jump in. The word JUST tells us that we're not alone. Every single one of us has these small hesitations.

It's the moment right before you ask to join the pick-up game that's already underway, the moment you contemplate whether to do a third set of reps, or when you start to question whether you'll head out the door for a run in the pouring rain.

The tagline acknowledges that you have excuses and fears and Nike is encouraging you to be bigger than them. *Come on...don't think about it...JUST DO IT. I know you're tired...JUST DO IT. I know you are afraid...JUST DO IT.*

Nike's tagline is pushing you to move past that doubt and get in the game. Nike knows that there's greatness inside of you, and it's on the other side of your excuses. It resonates profoundly because every single one of us, even an Olympic athlete, needs a PUSH. And that's where the #5SecondRule comes in; the Rule is *how* you push yourself when no coach, competitor, parent, screaming fan, or teammate is there to push you. With the Rule, you just 5- 4- 3- 2- 1 to push yourself.

## **Is There a Five-Second Window of Opportunity for Everyone?**

Yes. There is a window for everyone between the moment you have an instinct to change and your mind killing that instinct. While your mind starts working

against you in nanoseconds, the barrage of thoughts and excuses don't seem to kick into full force and stop you for a few seconds. The five-second window seems to work for everyone.

That said, by all means play around with it to make it work for you. Personally, I notice that the longer I wait between my initial impulse to act and physically moving, the louder that the excuses get, and the harder it becomes to force myself to move. As Angela found, those five-second decisions "turned into 50 seconds and then 500 seconds when the fear was deeper." She now treats the #5SecondRule as if her brain will "self-destruct" at zero:



Angela Rae Hughes I was there and I have to thank you for that speech. I am back at home now in Seattle and want you to know that YOU moved me to take action on something I have been procrastinating because of deep self doubt and fear of failure. I had the realization that I have always used the 5-second rule in my life without recognizing it... But I also realized that those 5 seconds turned into 50 seconds and then 500 seconds when the fear was deeper. You taught me that my brain will shut it down after 5-seconds so now I have decided to treat the 5-second rule as if it will 'self destruct' (for lack of a better explanation) at zero so I better MAKE THAT MOVE! Thank you kindly, Mel Robbins, for your wisdom.

If it works for you to shorten or lengthen the window, personalize the Rule to make it work for you.

Matt, a good friend of my husband and myself, was training for his first Tough Mudder race. He lives in New Jersey and he sent this text to my husband during the freezing cold winter. He had shrunk the window to three seconds because he noticed how fast his mind would go to work to stop him.

*"Tell your girlfriend Mel that the 5 second rule is working over here. I have it down to three seconds. Why contemplate life's complexities when you can be moving ahead after just 3 seconds. In 5 seconds I can make up at least 2 excuses in my mind. In three seconds my mind has already pushed the first button on my phone to move the ball ahead. As I awoke this morning I mistakenly checked the thermometer (that took 2 seconds, but in that third second I started to put on my right sneaker.)"*

That is how the system in your brain works—the longer that you think about something, the lower your urge to act becomes. We are amazing at fooling ourselves into staying exactly where we are. As soon as that impulse to act kicks in, you start rationalizing it away. That's why you've got to move faster—so you can break free of your excuses before your mind traps you.

## **What Can I Use It For?**

Over the years, we've heard thousands of examples of how people are using the Rule to improve their life, relationships, happiness, and work. But every example falls into one of three distinct categories for how you can use it.

- You Can Use It to Change Your Behavior**

You can use the Rule to push yourself to create new habits, pull yourself away from destructive habits, and master the skills of self-monitoring and self-control so that you can be more intentional and effective in your relationships with yourself and others.

- You Can Use It to Act with Everyday Courage**

You can use the Rule to discover the courage you need to do things that are new, scary, or uncertain. The Rule will quiet your self-doubt and build confidence as you push yourself to pursue your passions, share your ideas at work, volunteer for projects that stretch you, create your art, and become a better leader.

- You Can Use It to Control Your Mind**

You can use the Rule to stop the barrage of negative thoughts and endless worries that weigh you down. You can also break the habit of anxiety and beat any fear. When you take control of your mind, you'll be able to think about things that

bring you joy instead of focusing on the negative. And that, in my opinion, is the most powerful way to use the Rule.

## **Why Does Something So Simple Work?**

The Rule works because it is so simple. There are all kinds of tricky ways your brain kills your urge to act. Some of my most favorite researchers, professors, and thinkers have written bestsellers and delivered epic TED Talks detailing how our own minds betray us with a seemingly endless list of tricks including cognitive biases, the paradox of choice, the psychological immune system, and the spotlight effect. What all these great researchers have taught me is that the moment you want to change, break a habit, or do something hard or scary, your brain goes to work to stop you.

Basically, your mind tricks you into thinking things through. And the moment you get tricked into doing this, you'll get trapped by your thoughts. Your mind has a million ways to talk you out of acting. That's the neurological reason why it's so hard to change. As I mentioned in Chapter One, change requires you to do things that are uncertain, scary, or new. Your brain, by design, will not let you do such things. Your brain is afraid of things that feel uncertain, scary, or new, so it will do whatever it can to talk you out of doing those things. It is part of your hard-wiring, and this hesitation happens really fast. That is why you have to act even faster to beat it.

The Rule leverages and is an example of some powerful and proven principles in modern psychology: a bias toward action, internal locus of control, behavioral flexibility, the progress principle, starting rituals, the Golden Rule of Habits, authentic pride, deliberate action, "If-Then planning," and activation energy. Throughout this book, you'll learn more about these principles as we go into greater detail about how you can use the Rule in specific areas of your life.

## **How Can One Rule Work On So Many Areas of My Life?**

The #5SecondRule actually only works on one thing—***you***. You stop yourself from changing the exact same way every single time—you hesitate, then you overthink, and you lock yourself in mental jail.

That moment of hesitation is a killer. Hesitation sends a stress signal to your brain. It's a red flag that signals something's wrong—and your brain goes into protection mode. This is how we are wired to fail. Think about this for a minute.

You don't hesitate all the time. For example, you don't hesitate when you pour a cup of coffee in the morning. You don't hesitate when you put on your jeans. You don't hesitate when you turn on the television. You don't hesitate to call your best friend. You don't think at all. You just have the instinct to call your friend, and you pick up the phone, and you call them. But when you hesitate just before making a sales call or texting someone back, it makes your brain think that something must be wrong. The longer you think about that sales call, the less likely you'll make it.

Most of us don't even realize how often we hesitate because we've done it so often that it's become a habit. Here's how Tim described it after using the Rule:

*"Honestly, I think the Rule is powerful simply because keeping it on the tip of your thoughts allows you to process and start on activities you would normally gloss over and ignore. I also keep saying, 'What the hell, I'm leaning into this.' So, it is powerful because it helps you break the formally embedded thought patterns about doing things and allows (me anyway) to safely 'go for it'. Seriously, why was I afraid of doing some of the things I am now doing? It was never like anything I did or didn't do was going to end the world."*

But what you will soon learn is that moment of hesitation can also be used to your advantage. Every time you catch yourself hesitating, it is a push moment! The five-second window is opened and it is time to 5- 4- 3- 2- 1 to push yourself forward and be bigger than your excuses.

Seeing the 5- 4- 3- 2- 1 countdown can serve as a vivid reminder of the Rule and its importance. Art hung the numbers on his office wall to keep him motivated and moving forward all day at work:



## **Can the Rule Create Lasting Behavior Change Too?**

The Rule will beat the brain's operating system to help you win the battle with resistance in the moment. But do you know what else? Over time, as you repeat the Rule, you destroy that system all together. One thing most of us don't realize is that patterns of thinking like worrying, self-doubt, and fear are all just habits—and you repeat these thought patterns without even realizing it. If everything you do to sabotage your happiness is a habit, that means you can follow the latest research to break the habits of:

Waiting  
Doubting  
Holding back  
Staying silent  
Feeling insecure  
Avoiding  
Worry  
Overthinking

There is a “Golden Rule of Habits” and it is very simple: In order to change any bad habit, you must replace the behavior pattern that you repeat. I will explain this in detail in Part 4 of the book. I’ll teach you how to end the mental habits of worrying, anxiety, panic, and fear using the #5SecondRule in combination with all the latest research.

For now, what you need to know is this—the #5SecondRule and its countdown trick, 5- 4- 3- 2- 1- GO, will become your new behavior pattern. Instead of holding back, you’ll 5- 4- 3- 2- 1 to push forward. The countdown is also what researchers call a “starting ritual.” Starting rituals interrupt your bad default patterns and trigger new, positive patterns.

If you master the Rule you will reprogram your mind. You will teach yourself new behavior patterns. Instead of defaulting to worry, hesitation, and fear, you will find yourself automatically acting with courage. Over time, as you take more and more steps forward, you’ll discover something else—real confidence and pride in yourself. The authentic kind that comes when you honor your goals and accomplish small wins that are important to you.

Everything that you think might be set in stone, including your habits, mindset, and personality are flexible. The implications of this for your life are absolutely thrilling. You can change your “default” mental settings and your habits one five-second decision at a time. Those small decisions add up to major changes in who you are, what you feel, and how you live.

Change your decisions and you’ll change your life. And what will change your decisions more than anything? Courage.

**If you have the courage to start,  
you have the courage to succeed.**

**PART2**

**THE POWER OF COURAGE**

## CHAPTER FIVE

# EVERYDAY COURAGE

---

**"I HAVE LEARNED OVER THE YEARS**

**THAT WHEN ONE'S MIND IS MADE, THIS DIMINISHES**

**FEAR; KNOWING WHAT MUST BE DONE DOES AWAY WITH FEAR."**

**ROSA PARKS**

**B**efore I discovered the #5SecondRule, if you had asked me to give you examples of courage, I would have given you a list of history makers. I would never have said that courage is what it takes some days to get out of bed, speak to your boss, pick up the phone, or step on a scale. I would have told you that courage is a word used to describe acts of huge bravery.

Courageous people, in my view, were the Nobel Prize winners Malala Yousafzai, Leymah Gbowee, the Dalai Lama, Aung San Suu Kyi, Nelson Mandela, and Elie Wiesel. I would have thought about Winston Churchill and Britain standing up to fight against Nazi Germany, Rosa Parks standing up for her right to keep her seat

on the bus, and Muhammad Ali steadfast in his religious beliefs and refusing to fight in Vietnam. I would have been reminded of Helen Keller, who triumphed over her own disabilities to advance the rights of others; of Sir Ernest Shackleton, who overcame shocking odds to rescue the crew of the *Endurance*; or of Galileo, who challenged the Orthodox Church to advance science.

But after using the Rule for seven years and hearing from so many people around the world, I have learned a very important certainty: Everyday life is full of moments that are scary, uncertain, and difficult. Facing these moments and unlocking the opportunity, magic, and joy in your life requires tremendous courage.

Courage is precisely what the #5SecondRule gives you. The Rule gave Jose the courage to believe in his value and ask for a raise.



**i believe in Jose** I made a choice in 5 seconds or less; To talk to my boss about my raise that I much deserved. I was determined I would let him know how much I'm worth. I got A 2 dollar raise.

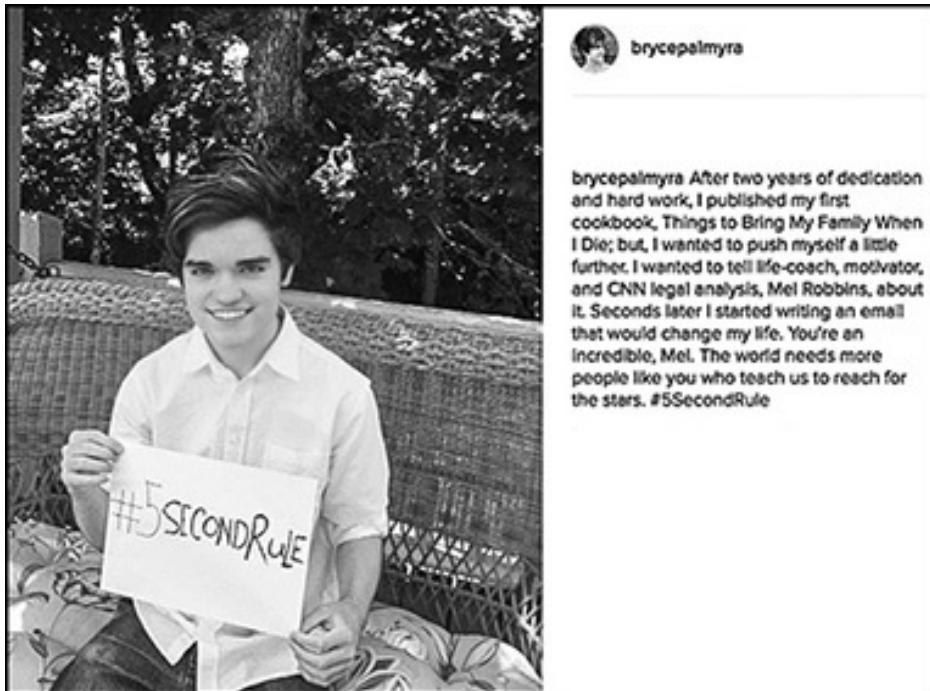
Once he asked for one and got it, and there was a surprise waiting in his next paycheck—a bigger one.

Unexpected Love! What a great shout out. Thank you very much. I love you too. My currency holders surprised me a week later. When I looked at my check they added a dollar. Making a total of a 3 dollar raise! I was surprised. I thought of what he said during our conversation, "You're too valuable", with no hesitation he agreed on the \$2 I asked for. Reading and philosophy has given me courage and balance. Again thank you very much. Best of luck! I am here if you ever need me.

Your friend, Jose



The Rule gave Bryce the courage to put two years into writing and publishing a cookbook. And he didn't stop there. He got Barnes and Noble to host a book signing. As Bryce puts it, "you can achieve anything that you are passionate about and are willing to work for."



What's even cooler? Bryce was only 15 at the time!

The Rule helped Martin push through nine years of “one excuse after another” and slamming “on those brakes hard” to go back to school and pursue a second master’s degree that will give him a more fulfilling career.

Subject: TedX: How to Stop Screwing Yourself Over  
Message: Hi Mel,  
I have watched your TedX presentation earlier this evening and found it to be funny, enlightening and most of all it gave me a lot of food for thought.  
Having suffered with depression and anxiety issues since graduating University in my 30's I have slammed on those breaks hard for the last 9 years coming up with one excuse after another not to go on and peruse a Masters degree and have since been stuck in basic administration roles.  
I have taken your advice, dug my old course books out so I can brush up on my previous studies and have started looking online for a suitable Masters degree.  
Thank you for giving me the kick up the arse I needed. I know I'm just at the bottom of the mountain and I am just taking my first steps and know I'll stumble, but I now know that there inspirational people like yourself I can refer back to to get my moving again.  
Many thanks.

Juanita learned to listen to her inner wisdom. Instead of “thinking” about a job search and a company her friend recommended, she picked up the phone and called “right now”—and guess what she got? Exactly what she pushed herself to go and get—a dream job.



Juanita  
[View Profile](#)

5 second rule story- I've been doing a lot of soul searching, looking for a new job, asking myself what did i want - i stopped telling myself i was fine with my current position. I could no longer deny the fact that i wanted, needed and deserved more. My friend mentioned a company to me for the 3rd time. I had listened to you TED talk and told her I was going to hang up the phone and call that company right now. AND I DID! End result i now have a new job with that company. It is better than any other job I have interviewed for!



I started last week! 5 second rule - ROCKS! Thank you! Juanita



Learning about the #5SecondRule was a turning point for Gabe. After realizing “that I was responsible for everything that happened in my life,” Gabe used the Rule to change his life by starting his own Virtual Reality company. Today, he is creating the career of his dreams.



**Gabe**

Marketing and Branding Consultant | Virtual Reality Developer

Went from a full time marketing manager who was "doing fine," to a connected, dedicated and growing owner of my own Virtual Reality company on my way to fulfilling the career of my dreams.

I was OK with being FINE, I forgot that I was responsible for everything that happened in my life.

Kristin's life has been forever changed because her boyfriend now has a way to battle his drug addiction. Whenever he feels the desire to go "back to one of those drugs," he uses the #5SecondRule to fight his addiction and retrain his mind. He counts backwards 5- 4- 3- 2- 1 to himself to trigger new behavior and "his mindset completely changes and he goes about his day."

Hello,

I saw you at the Scentsy Family Reunion this past summer. My boyfriend and I were in the audience. This story is more about him than me. You have forever changed our lives with the 5-4-3-2-1 rule. He is a recovering drug addict that most people don't know about. Well he finally stopped all the different drugs right before we left for our trip to Nashville, where we saw you. Since that day he uses your 5-4-3-2-1 rule every time he has a desire to go back to one of those drugs. He says it to himself and his mindset completely changes and he goes about his day. Thank you from the bottom of my heart, thank you for sharing your story.

Courage is, in fact, what I needed to get out of bed. It was scary to get out of bed because it meant facing my problems. It was difficult to look myself in the mirror and accept the fact that I was 41 years old and my life and career were in pretty lousy shape. It was overwhelming to consider I might not be able to fix the situation my husband and I were in.

Courage is what my daughter needs to put down the pen in her high school history class and raise her hand. It's what your team needs to escalate its concerns to you and it's what your kids need to tell you what's *really* going on. Putting your

online profile up on a dating site or blocking your ex on your phone can feel like an act of bravery. So can adopting new technology for your business or walking in the door of your home and facing your problems head-on instead of pouring a drink and zoning out in front of the TV.

As I began to write this book and started collecting stories of people around the world using the Rule, it became clear that inside every decision there exist five seconds of courage that can change everything in our lives.

The more the word “courage” came up, the more I began to wonder if there was something about one of the most historic moments of courage that would help me better understand the nature of courage itself. The first person that came to mind was Rosa Parks. You probably know the story of how Rosa Parks sparked the modern American Civil Rights Movement on a chilly December evening in 1955 when she quietly refused to give up her seat on the bus for a white passenger.

Her moment of courage teaches us all that it's not the big moves that change everything—it's the smallest ones in your everyday life that do. She didn't plan to do what she did that night. Mrs. Parks described herself as the kind of person who tried to “be as careful as possible to stay out of trouble.” The only thing she planned on doing that evening was to get home after a long day at work and have dinner with her husband. It was just an evening, like any other evening—until one decision changed everything.

Curious, I dug in and researched everything I could find about Mrs. Parks, from the National Archives, biographies, radio interviews, and newspaper articles. What I found is incredible. Just weeks after her arrest, she gave a radio interview to Sidney Rogers on Pacifica Radio and the National Archives website has a recording of it. Here's how she described that historic moment in her own words:

*As the bus proceeded out of town on the third stop, the white passengers had filled the front of the bus. When I got on the bus, the rear was filled with colored passengers, and they were beginning to stand. The seat I occupied was the first of the*

*seats where the Negro passengers, uh, take as they—on this route. The driver noted that the front of the bus was filled with white passengers, and there would be two or three men standing.*

*He looked back and...demanded the seats that we were occupying. The other passengers very reluctantly gave up their seats. But I refused to do so...The driver said that if I refused to leave the seat, he would have to call the police. And I told him, "Just call the police."*

Then the radio interviewer asked her the million-dollar question:

*"What in the world ever made you decide to be the person who after all these years of Jim Crowe and segregation, what made you at that particular moment decide you were going to keep that seat?"*

She replied very simply,

*"I felt that I was not being treated right and that I had a right to retain the seat that I had taken as a passenger on that bus."*

He pressed her again noting that she had been mistreated for years, and wanted to know *what made her decide in that moment*—and in the interview, she paused for a second and then said:

*"The time had just come that I had been pushed as far as I stand to be pushed, I suppose."*

He asked her if she planned it—and she said,

*"No."*

He asked her if it just sort of happened. She agreed that it “just sort of happened.”

This is a critical detail: Rosa Parks didn't hesitate or think it through. It happened so fast, she just listened to her instincts telling her "I was not being treated right," and she pushed herself to follow them.

Since she didn't hesitate, there was no time to talk herself out of it.

Coincidentally, four days later, in that same city of Montgomery, Alabama, on December 5, 1955, there was another five-second decision that changed history.

The Montgomery Improvement Association was formed in response to Mrs. Parks' arrest and a 26-year-old black preacher was voted by his peers to lead the 381-day bus boycott that ensued. On being nominated to lead the boycott that night, the young preacher would later write:

*"It happened so quickly that I did not have time to think it through. It is probable that if I had, I would have declined the nomination."*

Thank goodness he didn't think it through. He would become one of the greatest civil rights leaders of all time. His name was Dr. Martin Luther King Jr.

Dr. King was pushed into the spotlight by his peers. Rosa pushed herself. They both experienced the power of a push. It's a moment when your instincts, values, and goals align, and you move so quickly you don't have time or a valid reason to stop yourself.

Your heart speaks and you don't think, you listen to what your heart tells you to do. Greatness is not a personality trait. It's inside all of us and sometimes it's hard for us to see it. Mrs. Parks was described by all who knew her as quiet and shy, and Dr. King famously struggled with self-doubt and fear in the beginning days of the Civil Rights movement.

Reflecting back on the radio that night in 1956, Mrs. Parks said, '*I hadn't thought I would be the person to do this, it hadn't occurred to me.*' It probably hasn't occurred to you either what great things you might be capable of achieving at work and in your lifetime. Her example shows us that we are all more than capable of finding the courage to "act out of character" when the moment matters.

It is true, as Rosa Parks explained on air in that 1956 interview, that she was pushed "as far as I could stand to be pushed" by a system of discrimination. But in that singular moment, she was pushed forward by something way more powerful: herself.

That's what courage is. It's a push. The kind of push we give ourselves when we stand up, speak up, show up, go first, raise our hand or do whatever feels hard, scary, or uncertain. Do not look at our heroes in history, business, art, and music and assume that somehow they are different than you. It's not true.

**Courage is a birthright. It is inside each and every one of us.** You were born with it and you can tap into it anytime you want. It's not a matter of confidence, education, status, personality, or profession. It's simply a matter of knowing how to find it when you need it. And when you need it, you'll probably be alone.

It's going to be just you sitting in a meeting at work, standing in your kitchen, riding the subway, looking at your phone, staring at your computer, or thinking about something—and all of sudden, it will happen. Something will go down, and your instincts will come alive. You'll have an urge to act. Your values and your instincts will tell you what you *should* do. And your feelings will scream “NO.” That is the push moment. You don't have to have all the answers. You just have to make a decision in the next five seconds.

Dan is alone at his computer thinking about registering for summer classes. He wants to earn his college degree but at the age of 44, the idea of starting as a freshman is nothing short of terrifying.

Courage is what Christine needs as she's sitting in a marketing meeting in Plano, Texas. She has a great idea to share but wonders, *Is this going to sound stupid?*

Tom is standing in a bar in Chicago. The moment he sees her he can't look away. He can either turn back toward his friends and pretend to care about the football game they're discussing, or find the courage to start walking toward her.

The entire sales organization of a financial software company feels discouraged in Nashville. They've hit their numbers three years in a row, and quotas just got

raised yet again.

Alice in England needs to push herself out the door to go on a run. She's inspired by her friend on Facebook, but *feels discouraged* by how long it's been since she last exercised.

Halfway around the world, Patel can't stop thinking about a friend whose son just died in a car accident. He doesn't know what to say, and the thought of losing his own son terrifies him. He tells himself, *It will be easier if I wait a few days*, but the urge to pick up the phone, stop by the house...*to do something* lingers.

In China, Sy has just signed on as a distributor for a new skin care line. She has at least a dozen people she wants to call. She looks at her phone and hesitates—*what if they think I'm being pushy?*

In Queensland, Australia, Todd knows exactly what he wants to do with his life, and it isn't studying law, it's physical education. But before Todd can take control of his future, he'll need to face his parents' disappointment.

And Mark is lying in bed in Auckland, Australia, where it's 10:30 p.m. He turns and looks at his wife as she reads her book. He would love to make love to her, but he assumes she's not in the mood; he wants to lean over and kiss her shoulder but he *fears rejection*. He needs courage to lean toward her after so many months of feeling like her roommate.

These stories are real and they are just the tip of the iceberg. They highlight the struggle between our desire to change our lives and our fear of it. They also reveal the power that everyday courage has to transform everything.

Seth Godin once wrote “a different part of our brains is activated when we think about what’s possible rather than what’s required.” I believe the same is true when we think about being courageous, rather than focusing on the fears that stop

us. It's the difference between focusing on the solution rather than the problem, and that tiny switch is mentally liberating.

There's something powerful about framing my struggle to get out of bed, Patel's struggle to call his friend, a sales organization's struggle to embrace a higher sales goal, and Alice's struggle to exercise as acts of everyday courage.

After all, courage is just a push.

When you push yourself, you may not change the world, the laws, or spark a civil rights movement but I can guarantee you'll change something equally as important—you'll change yourself.

**There is only one YOU.**

**And there will never be another  
one.**

**That's your power.**

## CHAPTER SIX

# WHAT ARE YOU WAITING FOR?

---

**"THE TIME IS ALWAYS RIGHT TO DO WHAT IS RIGHT."**

**DR. MARTIN LUTHER KING, JR**

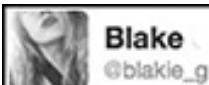
Tom is celebrating a new piece of business with his colleagues at Stetson's Steakhouse inside the Hyatt Regency Hotel in downtown Chicago. He is crushing his quota for the year and the win today will put the territory he manages ahead on the leaderboard. Four months ago, he threw himself into his job at a financial tech company after his wife moved out. It's been a welcome distraction as he tries to pick up the pieces of his personal life. He turns toward the bartender to order another round, and that's when he sees her.

She's standing just across the bar, laughing with her friends. There's something about her. He can't quite put his finger on it. He thinks about walking over and talking to her, but he hesitates. He starts to wonder if it's too soon to put himself out there. He begins to feel uncertain: *Would a woman that hot go for a guy with two kids?*

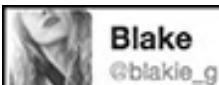
**Tom has a decision to make and he'll make it in the next five seconds.**

---

In the amount of time it takes to start walking across a bar, Tom could start to rebuild his life. In the amount of time it takes to raise your hand in a meeting, you can change how you are perceived at work. In the amount of time it takes to open your mouth and compliment someone, you could brighten someone's day. And if you don't, the moment will pass, like it did for Blake and now she wants to "kick myself."



I thought too much about it and the moment passed and I didn't tell this woman how fabulous she is. She made my day and I didn't thank her.



But I didn't say anything. I opened my mouth and no words came out. And I thought about @melrobbins 5 second rule and wanted to kick myself.

Whatever reason you use to hold yourself back—you are wrong. It's not safer to stay quiet. It's not better to keep the peace. It's not futile to try. It's not risky. You are wrong. All your excuses and reasons are wrong. There is no "right time" to improve your life. The moment you move you'll discover your strength. That's the way to bring the REAL you to the table—by pushing the *real* you out of your head and into the world. And the best time to do it, is right now when your heart tells you to move.

We waste so much of our lives waiting for the right time to have the conversation, ask for the raise, bring it up, or start things. It reminds me of that

famous Wayne Gretzky quote: “*You miss 100% of the shots you don’t take.*” Here’s the thing—you never regret the shots you do take but you always regret holding back. Anthony realized this the hard way:



**Anthony**

Tonight I had a chance to give someone my number and I didn't and I will actually forever regret that. WHY IS LIFE SO HARD?! 💔

Life is already hard, yet we make it so much harder when we listen to our fears, we convince ourselves to wait, and we hold our greatest selves back. We all do it. And not just in bars. We hold ourselves back at work, at home, and in our relationships.

The question is, why do we do this? The answer is brutal. You can call it a fear of rejection, or a fear of failure, or a fear of looking bad. The reality is, we hide because we are afraid even to try.

I had a conversation a few months ago with my daughter Kendall that illustrates just how deadly this waiting game can be to your dreams. To give you some background, Kendall is fifteen and a very talented singer. From the moment she wakes up until the moment she goes to bed, she’s singing.

Recently, one of her mentors recommended her for an audition with the directors of a musical in New York City. He had placed kids on tour with *Les Misérables*, *Mary Poppins*, and *Matilda*. He thought Kendall had a very good chance of landing a role.

The second the topic came up, she said she “wanted to audition” but never wrote her mentor back about it. I asked her why she was waiting. It was fascinating and heartbreaking to hear how her thoughts and feelings had trapped her. Funny enough, she wasn’t afraid of the audition itself. At least not when she thought about it. It was everything that *might happen* after the audition.

She said that she didn’t want to try out because, “What if I didn’t make it, Mom? What if I am not as good as I think I am? If I don’t audition, at least I can tell myself that I’m amazing—I’m just too lazy to have what I want.”

Now we were getting somewhere. The fear of sucking, of not being good enough, of feeling like a loser—none of us wants to face that reality. So we avoid it like the plague. I actually do it with exercise. I can pretend I’m in decent shape as long as I avoid it. The moment I hit the gym I have to face reality. And the reality is that within two minutes of running on a treadmill, I have to go the bathroom and I’m out of breath. I’m not in great shape at all. I have a lot of work to do. That’s why we dodge challenges—to protect our egos, even if it means eliminating the possibility of getting what we want.

I listened to Kendall talk about her fear that she wasn’t good enough, and then asked her one simple question:

## **“What If You’re Wrong?”**

It’s a powerful question, and we don’t ask it nearly enough. What if you’re wrong? What if you audition and you really are as good as everyone says? What if your idea actually is the next million-dollar business? What if you not only meet your quota again this year, but you also actually surpass it? What if being single isn’t as scary as you think and your true soulmate is just days away from bumping into you? Are you really going to let your worries stop you from doing the work, having the love life, and being your greatest self? You damn well better not.

And even if you do suck—there's another thing you can say to yourself:

## **So What!?**

---

So what if you suck? At least you tried. As far as I'm concerned landing the role is irrelevant. Just like the woman Tom saw at the bar is irrelevant. The only thing relevant is *you*. The power is *inside* of you. The only way you access that power is pushing yourself to try. The greatest you shows up at the audition, walks up to the gal or guy at the bar, and raises their hand and their voice at work.

You'll never stop yourself from starting to worry about something. But you can stop yourself from letting those worries drag you into a parade of worries that take control of your mind. You can assert yourself and push yourself to think about something empowering. You step back into the present moment and go for what you want. And you can do it in five seconds flat.

We are all guilty of thinking about getting involved but not doing it. We're all waiting “for the right time.” It’s total stupidity. In a recent survey, 85% of professional services employees admitted they were withholding critical feedback from their bosses. Why? You already know the answer—they’re waiting for the “right time.” The same is true for your kids, your spouse, your friends, and your colleagues.

All human beings are wired this way. One of the most insightful and enlightening aspects of Adam Grant’s incredible book *Originals: How Non-Conformists Move the World* is when he describes how some our greatest heroes are just like us in this simple regard: they hesitated, doubted themselves, and almost missed the opportunities of their lifetimes because they didn’t feel ready. I find it reassuring to know that the people we admire most needed to be pushed through their fears, excuses, and feelings, just like you and me.

You know Michelangelo, the artist who painted the Sistine Chapel in Rome? There's a backstory you might not know. According to Grant, when the Pope asked Michelangelo to paint the Sistine Chapel in 1506, Michelangelo felt so overwhelmed with self-doubt that he not only wanted to wait, but he also actually fled to Florence and hid. The Pope had to stalk Michelangelo and pester him for two years to get him to agree to paint it.

Want to hear another one? How about one related to Apple? In 1977, when an investor offered Steve Jobs and Steve Wozniak funding to launch Apple, Wozniak felt so afraid and uncertain he wanted to “wait a while” before he quit his job. He didn’t *feel* ready. He was pushed by “Jobs, multiple friends, and his own parents” to make the leap.

Remember the stories in the last chapter about Dr. Martin Luther King Jr admitting he would have declined the nomination to lead the Montgomery Improvement Association “had he thought it through”? Or Rosa Parks’ admission that she never thought “she would be the one to do this”? In the moment, neither one of them stopped to think. They didn’t wait to *feel* ready. That’s what we all need to do. We are all capable of greatness. I believe that. It is our feelings and fears that convince us now is not the right time and keep us from achieving greatness.

Grant then writes this line in his book, which made my heart feel heavy: “We can only imagine how many Wozniaks, Michelangelos, and Kings never pursued, publicized, or promoted their original ideas because they were not dragged or catapulted into the spotlight.” The question to ask yourself is this one:

## **What Are You Waiting For?**

Are you waiting for someone to ask you, drag you, pick you, or catapult you into the spotlight, or are you willing to find the courage to push yourself? Are you

waiting to feel ready? Waiting for the right time. Waiting to gain confidence. Waiting to feel like it. Waiting to feel worthy. Waiting until you have more experience.

Sometimes there is no next time, no second chance, or no time out. Stop waiting. It's now or never. When you wait, you aren't procrastinating. You are doing something more dangerous. You are deliberately convincing yourself "now is not the time." You are actively working against your dreams.

Paula could have convinced herself that she would "never qualify" for a great job opportunity. She would have been very wrong.

*I just applied for a job I never thought I would qualify for because I figured, "why not just try it?" I didn't focus on my shortcomings but emphasized my qualities and got the job. Previously I would have forgotten about it after 5 seconds and not even tried by the way ;)*

*-Paula*

By "emphasizing her qualities" instead of focusing on her shortcomings, Paula was able to push past her fears and land the job.

You may think you're protecting yourself from judgment, rejection, or upsetting someone, but when you make excuses and talk yourself into waiting, you are limiting your ability to make your dreams come true. I'm amazed by how much time I've wasted in my life waiting for the right time, waiting until I'm sure, waiting until I think my work is perfect, or waiting until I feel like it.

You may be afraid of finding out that you suck, like my daughter was. Let me tell you what really sucks: being older and regretting that you never went for it. Being 30 and realizing you let fear of what your friends thought keep you from ever really putting yourself out there when you were younger. Friends, by the way, who you never talk to anymore. Being 56 and realizing you should have divorced your spouse ten years ago. Being 45 and wishing you had had the courage to take on a project at work that you now realize would have changed the trajectory of your

career. Or sitting in college classes earning a degree to please your parents when knowing in your heart that you want to be doing something else with your life.

There is no right time. There is only right now. You get one life. This is it. And it's not going to begin again. It's up to you to push yourself to make the most of it and the time to do it is right now.

## You Validate Your Ideas By Pursuing Them

---

It's heartbreaking to hear from so many of you with a creative idea or product concept that are waiting for someone else to validate it. It's so sad because waiting for validation will be the death of your dreams. If you have an idea for a show or a book, and you are waiting for an executive at a TV network or a publishing house to pick you, you will lose. It's like Tom in the bar hoping his soulmate will just walk up to him and pick him. Or me waiting until I felt motivated to wake up and get out of bed. Waiting until you are ready will not make it happen. The world doesn't work that way.

The world rewards those who are courageous enough to stop waiting and start. If you dream of being on television, I can tell you from first-hand experience that the TV executive you hope discovers you is actually on YouTube right now looking for someone who didn't wait. The person who has the courage to start, create, and put themselves and their ideas out there is the one who will win.

The only difference between that idea for a novel you want to write and British author E.L. James who wrote the blockbuster *Fifty Shades of Gray* trilogy (that was devoured by nearly every woman on the planet Earth and sold a million copies in four days) is the fact that she didn't wait for permission, the right time, or to feel ready. She didn't wait until she had a book deal. In fact, she started writing erotica on a Twilight-themed blog! She found the courage to start in small ways, and put herself out there over and over until she built the confidence to write a book. And

*Fifty Shades of Gray* was that book. It was self-published by a working mom who wrote in her free time. Yup.

By the way, that's also how Grammy award-winning musician Ed Sheeran got discovered. He was 15 years old playing songs in a park in England with no permit and no guarantee that anyone would notice. That's how you do it. You push yourself to get out of your comfort zone and you begin. There is no other way. You stop waiting for "the right time" and you start. That's how award-winning *Broad City* landed its hit show on Comedy Central. They acted with courage and started filming 3-minute clips on an iPhone and posting them on YouTube.

And every single YouTube star, from Tyler Oakley, to make-up tutorial phenom Michelle Phan, to "My Drunk Kitchen" host Hannah Hart, to Minecraft narrator "Stampy Cat," will tell you that if they had told themselves to wait until they felt ready or until they had a sponsor, they would still be living a boring life instead creating a life of their dreams and laughing all the way to the bank.

Waiting, thinking, and "almost doing it" don't count. As Kyra explains, to change anything you actually have to do it. #AlmostDoesntCount

### Kyra

5,4,3,2,1 Go! I almost didn't go to the "block party" my complex held last night because I was exhausted after work... I almost decided not to donate blood at the truck they had there... I almost didn't make the exposure to the nice nurse I met who was also donating, I almost didn't run back to my apartment to get my third party tools to give to her before I left. I almost didn't follow up with her this morning and when she invited me over to go talk to her and her girlfriends about it? I almost didn't go because I was still in my PJ's, had no expert lined up and felt unprepared... But I did and now? I will be entering 2 new PC's tonight and 2 tomorrow and I'm officially NLC qualified for September and am now half way through October! The moral of the story is #almostdoesntcount #justdoit

The difference between people who make their dreams come true and those of us who don't is just one thing: the courage to start and the discipline to keep going.

The Rule is a game-changer because it 5- 4- 3- 2- 1 forces you to get out of your head and start and it'll 5- 4- 3- 2- 1 help you keep going.

And that brings us back to Tom at the bar in the Hyatt Regency in Chicago. Will he start walking toward the girl across the room or decide to wait? Well...that depends. It depends on who is making the decision for Tom. Will it be Tom's heart that makes the decision or his head? Will it be Tom's dreams that win or will it be his fears? Rosa Parks offers some amazing advice for moments like this one—Tom needs to do what "*must be done.*" Tom knows in his heart what must be done. He needs to start living again.

Waiting won't help. Waiting will only make it worse. When you sit with fear and uncertainty your mind makes it expand; it's called "the spotlight effect" and it's one of the many tricks your brain plays in an attempt to keep you "safe."

The fear Tom feels is real. The uncertainty is scary. The self-doubt can be crippling. No one wants to be rejected or feel like a fool. No one wants to find out that they "suck."

That's why the moment right before you walk into a networking meeting, a party, an interview, a cafeteria, or start walking toward someone you find attractive, it can feel daunting. We think about what could go wrong or how awkward it will feel if no one welcomes us, instead of all the possibilities.

But safety isn't what Tom wants. Tom wants to rebuild his life and find love again and that's going to take courage. As scary as it is taking that first step to the other side of the bar, Tom is about to discover that all the magic, wonder, and joy in life happens the moment he does.

You can feel uncertain and be ready. You can be afraid and do it anyway. You can fear rejection and still go for it.

## **Five Seconds of Courage Changes Everything**

Tom starts counting to himself, “5- 4- 3-...” and by the time he gets to 2, he starts walking across the room. He has no idea what he’ll say to her. His heart is racing, but for the first time in a long time he doesn’t feel numb, he feels alive. The closer he gets to her, the more his heart races. She turns around just as he reaches her. What happens next is...irrelevant.

It doesn’t matter what happens because she either becomes his soulmate or she doesn’t. The ending of the story is irrelevant—the *only* thing that matters is the beginning of the story, that Tom made a choice to begin living again. That’s how you listen to your heart. Whether you are starting to date again, starting a company, or starting a YouTube channel, you must find the courage to start.

Notice how we desperately want an assurance that Tom “got the girl.” It makes for a great movie plot, but “getting the girl” isn’t the point. Life isn’t a Nicholas Sparks novel. Life is gritty and hard and then suddenly it is brilliant and amazing. Besides, the girl could be engaged. She could be gay. She could be a real bitch. Even if she’s amazing and they end up having crazy hot sex or go on to get married, “the girl” is not the source of power in the story. Tom is.

The treasure in your life is buried within *you*. It’s not inside of someone else. Tom is the source of power in his life and you are the source of power in yours. You unlock that power when you listen to your instincts and 5- 4- 3- 2- 1 push yourself to honor them. When you discover your “inner true self” it will be the “most important gift of all.”



**Melody Fowler** I have used the 5 sec rule everyday (multiple times) since Dallas! It has helped me clear out negative thoughts, it has helped me reach out to people and start conversations I might not initiate otherwise, it has brought my inner true self out loud! And that to me has been the most important gift of all, to be me and show my daughter how to do it too!  
Thank you Mel!

Jean-Baptiste also saw this. He wrote to me that he realized “that nobody was going to come and get me to live the life that I want to live and that taking action is the only way to create my own space into the world.”



## Jean-Baptiste

Hello! I just wanted to let you know that i admire the work you do and the ideas you share with world. I'm 19 years old, and watching your ted talk and your other speeches allowed me to realize that nobody was going to come and get me to live the life that i want to live and that taking action is the only way to create my own space into the world. I believe that everybody could bring something new and original to the world we live in. Seriously, you helped. Thank you for that. Keep changing the world one sequin at time.



With love, JB.



Just as Jean-Baptiste said, I also “believe that everybody could bring something new and original to the world we live in.” The potential for massive greatness exists inside every single one of us.

The way that you activate the power of you is by finding the courage you need every single day to push yourself forward. When you listen to your instincts (“*get up and face the day, Mel*,” “*suck it up and start walking, Tom*,” “*take care of your nephews, Catherine*,” “*don’t give up your seat, Rosa*”—it’s clear what you must do.

There is no debate when you follow what’s inside your heart. The only thing that will quiet the chatter in your head is a decision to move. As I said in the very beginning of the book, you really are just one decision away from a completely different life.

We are all so afraid of uncertainty that we want a guarantee before we even try. We want evidence that if we take a risk we will “get the girl” too. Even if Tom gets the girl, it’s not proof that you will. “Getting the girl” or “the guy,” for that matter, is a numbers game. To play any game, you have to start. To win, you’ll need to keep going. If you want to make your dreams come true, get ready for the long game.

Life is not a one-and-done sort of deal. You’ve got to work for what you want. Do you know the game Angry Birds? Rovio, the brand that created the game, launched 51 unsuccessful games before they developed Angry Birds. How about *The Avengers* star Mark Ruffalo? Do you know how many auditions he did before he landed his *first* role? Almost 600! Even Babe Ruth struck out 1,330 times. My favorite vacuum cleaner is a Dyson. And there’s no wonder why it doesn’t suck at sucking up the dirt. James Dyson created 5,127 prototypes! What? And this last one will blow your mind. Picasso created nearly 100 masterpieces in his lifetime. But what most people don’t know is that he created a total of more than 50,000 works of art.

Did you see the last number? 50,000. That's two pieces of art a day. Success is a numbers game. And you're not going to win it if you keep telling yourself to wait. The more often that you choose courage, the more likely you'll succeed.

When you 5- 4- 3- 2- 1 push yourself forward you'll discover the magic in your life and you open yourself up to the world, to opportunity, and to possibility. You might not get the girl, the part, or the response you wanted but that's not the point. In the end, you'll get something way cooler—you'll discover the power inside of you.

**Hold on. Let me over think about it.**

## CHAPTER SEVEN

# YOU'LL NEVER FEEL LIKE IT

---

**"IT TAKES COURAGE TO GROW UP AND BECOME**

**WHO YOU REALLY ARE."**

**E.E. CUMMINGS**

It's a hot afternoon in Plano, Texas, and a woman named Christine is sitting in a meeting at work. Her boss has called the meeting to discuss ideas to help close a massive piece of consulting business. It's down to two companies and the decision will be made next week. Christine is listening and taking notes when suddenly she thinks of an out-of-the-box idea:

*What if we create a custom Snapchat geo-filter and tag it to the prospect's office building...everyone at the building using Snapchat will see it and that will create buzz about our company.*

Her mind starts to race with all kinds of cool things that they could do. The conversation among her colleagues is winding down and the VP of Business Development says, "These are great suggestions, anyone else?"

## **Christine has a decision to make and she'll make it in the next five seconds**

She knows she should jump into the conversation, but first she stops to think. *Is this going to sound crazy? No one else suggested anything even close to this kind of thing.* She shifts in her chair. *Is there a reason no one else has mentioned Snapchat?* Now she's questioning whether she should share the idea at all.

In the next five seconds, Christine will either decide to say nothing, a pattern that's become a habit at work, or she will find the courage to speak up. Plus, Christine has a goal. She wants to advance in her career and is worried that she's going to get "passed over" for more senior roles if she doesn't improve her executive presence. She's been spending a lot of time figuring out what she needs to do and she wrote to me because she was struggling with her ability to make herself do it. Her confidence is taking a nosedive.

She had devoured fantastic books like *Lean In*, *Tribes*, *Daring Greatly*, and *The Confidence Code*. She has attended women's conferences, listened intently to her mentor, and practiced power posing in her mirror at home. Thanks to all this research and reading, Christine *knows what she needs to do* (share strategic ideas, be proactive, lean in, be more visible, and volunteer for projects that stretch her), and she knows why she needs to do these things.

You're probably wondering why on earth Christine didn't just speak up when she had the chance. Great question.

The answer is simple: she's losing the battle with her feelings. Christine isn't struggling with speaking. She's struggling with self-doubt. Of course Christine knows how to speak in a meeting. What she doesn't know how to do is beat the feelings that are stopping her.

If you've ever wondered why it's so hard to make yourself do the things that you know will solve your problems and improve your life, the answer is simple. It's your feelings. None of us realize it, but we make almost every single decision not with logic, not with our hearts, not based on our goals or dreams—but with our feelings.

And our feelings in the moment are almost never aligned with what's best for us. Take Christine as an example. She knows what's best for her: to speak up. In the moment, however, her feelings are making her second-guess herself. Study after study shows that we opt for what feels good now or feels easier rather than doing the things that we know in our hearts will make us better in the long run.

The moment that you realize your feelings are the problem, you now have the ability to beat them. Look at how quickly Christine's feelings rose in that meeting in Plano, Texas. In less than five seconds, self-doubt started to fill her mind. It happens to all of us. And once you understand the role feelings play in how you make a decision, you will be able to beat them. Here's what you need to know:

## You Make Decisions Based On How You Feel

---

We like to think that we use logic or consider our goals when we make decisions but that's not the case. According to neuroscientist Antonio Damasio, it's our feelings that decide for us 95% of the time. You feel before you think. You feel before you act. As Damasio puts it, human beings are “feeling machines that think” not “thinking machines that feel.” And that's how you ultimately make decisions—based on *how you feel*.

Damasio studied people who had damage to their brains and couldn't feel any emotions at all and he discovered something fascinating—none of his research subjects could make a decision. They could describe logically what they *should do*

and the *pros and cons of the choice*, but they couldn't actually make a choice. The simplest decisions like "*what do I want to eat?*" were paralyzing.

What Damasio discovered is paramount for you to understand. Every time we have a decision to make, we subconsciously tally all the pros and cons of our choices and then make a gut call, *based on how we feel*. This happens in a nanosecond. That's why none of us catches it.

For example, when you ask yourself the question, "*What do I want to eat?*" you are actually asking yourself, "*What do I feel like eating?*" Similarly, I wasn't asking, "*Should I get up?*" Subconsciously, I was asking, "*Do I feel like getting up?*" Tom wasn't asking, "*Do I want to walk over to her?*" Subconsciously he was asking, "*Do I feel like walking over to her?*" Christine was doing the same thing at work. She wasn't asking, "*Should I share my idea?*" Subconsciously, she was asking, "*Do I feel like sharing my idea?*"

Huge difference. And that explains why change is hard. Logically, we know what we *should* do, but *our feelings about doing it* make our decision for us. Your feelings will make the decision before you even realize what happened. How you feel in the moment is almost never aligned with your goals and your dreams. If you only act when you feel like it, you will never get what you want.

You must learn how to separate what you feel from the actions that you take. The #5SecondRule is a remarkable tool in this regard.

The moment you *feel too tired*, you'll decide not to go for a run, **but 5- 4- 3- 2- 1-GO, and you could make yourself go for one.**

If you *don't feel like* attacking the to-do list on your desk, you won't, **but 5- 4- 3- 2- 1-GO, and you can force yourself to start working on it.**

If you *don't feel worthy*, you'll decide not to tell him what you really think, **but 5- 4- 3- 2- 1-GO, and you can make yourself say it.**

If you don't learn how to untangle your feelings from your actions, you'll never unlock your true potential.

Here's how feelings keep you from changing. When you stop to consider *how you feel*, you stop moving toward your goal. Once you hesitate, you'll start thinking about what you need to do, you'll weigh the pros and cons, you'll consider *how you feel about what you need to do*, and you'll talk yourself out of doing it.

I have said it before, and I'll say it again because it is so important. You aren't battling your ability to stick to a diet, execute a business plan, repair a broken marriage and rebuild your life, hit your sales goals, or win over a bad manager—you are battling your feelings about doing it. You are more than capable of doing the work to change anything for the better, despite how you feel.

### **You can't control how you feel. But you can always choose how you act.**

Ever wonder how pro athletes achieve so much? Part of it is talent and practice, but another key element is a skill that you and I need in our lives—the ability to separate from our emotions and push our bodies and mouths to move. They may feel tired as the football game drags into the fourth quarter, but they don't act tired. Feelings are merely suggestions, ones the greatest athletes and teams ignore. To change, you must do the same. You must ignore how you feel, and as Nike would tell you, *Just Do It* anyway.

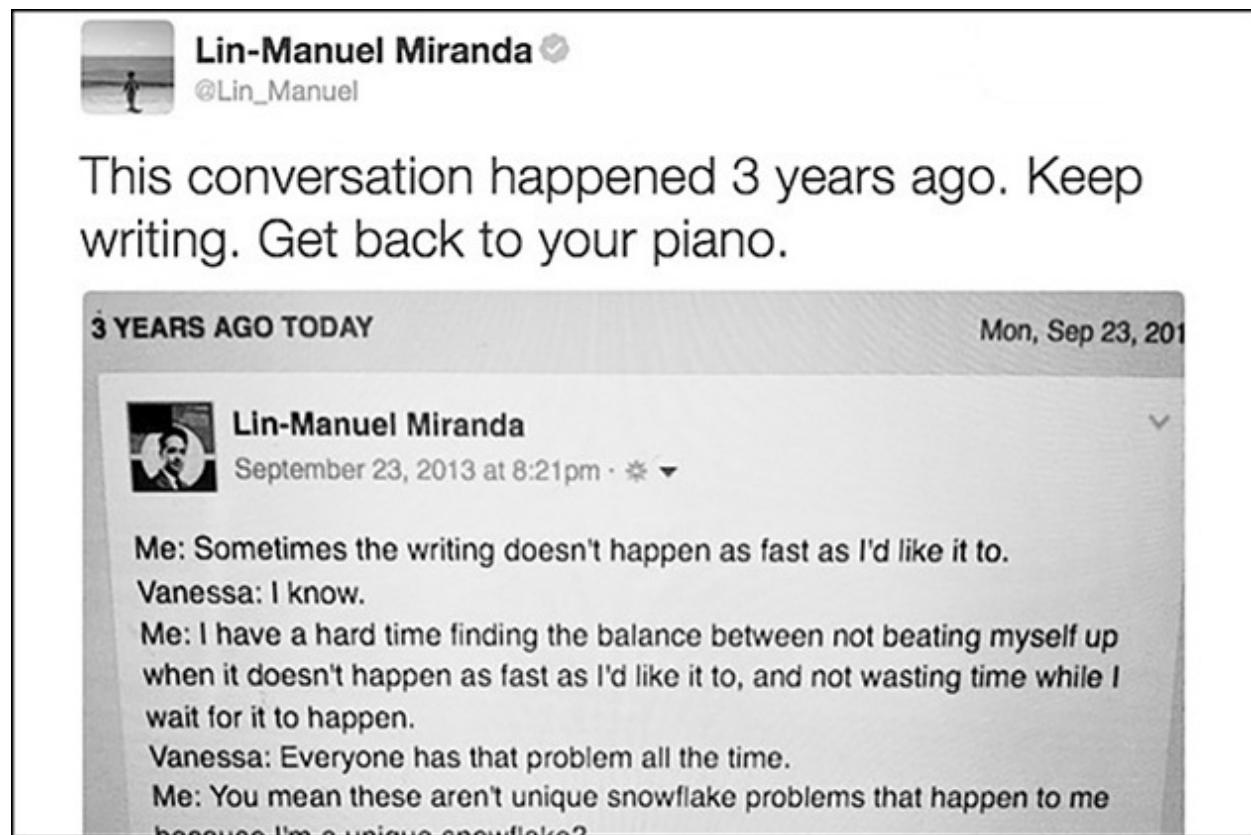
Everyone struggles with their feelings of self-doubt. Just ask Lin-Manuel Miranda, creator of the smash hit *Hamilton* that won 11 Tony Awards in 2016. It took him six years to write *Hamilton*. You may dream of writing the next *Hamilton*, and you very well might. Just don't forget that it took Miranda six years to write that show. And he had to battle his feelings of self-doubt every step of the way.

He recently put up this post on his Twitter page. It's a post of a conversation between Miranda and his wife, Vanessa. Three years before *Hamilton* debuted to

sell-out crowds and \$1,000 tickets, Miranda was still writing the musical and he was struggling with his feelings of self-doubt:

*"I have a hard time finding the balance between not beating myself up when it doesn't happen as fast as I'd like it to, and not wasting time while I wait for it to happen."*

What did Miranda do? He pushed himself and kept writing. That's why he posted this on his page: to remind everyone that we are all the same. We all struggle with the same self-defeating feelings and the only way out is through. So, 5- 4- 3- 2- 1 suck it up and "*Get back to your piano.*"



The screenshot shows a Twitter conversation between Lin-Manuel Miranda (@Lin\_Manuel) and Vanessa. The conversation is dated September 23, 2013, at 8:21pm. Lin-Manuel posts a message about finding the balance between not beating oneself up and not wasting time waiting for things to happen. Vanessa responds, stating that everyone has that problem all the time. Lin-Manuel replies, saying that the problems aren't unique snowflake problems. The screenshot also includes a timestamp "3 YEARS AGO TODAY".

**Lin-Manuel Miranda** @Lin\_Manuel

This conversation happened 3 years ago. Keep writing. Get back to your piano.

3 YEARS AGO TODAY Mon, Sep 23, 2013

**Lin-Manuel Miranda** September 23, 2013 at 8:21pm

Me: Sometimes the writing doesn't happen as fast as I'd like it to.  
Vanessa: I know.  
Me: I have a hard time finding the balance between not beating myself up when it doesn't happen as fast as I'd like it to, and not wasting time while I wait for it to happen.  
Vanessa: Everyone has that problem all the time.  
Me: You mean these aren't unique snowflake problems that happen to me  
~~because I'm a unique snowflake?~~

I love what his wife said too: "Everyone has that problem all the time." She's right. We all doubt ourselves. That is the truth. The biggest mistake you could make is to buy into the lies your feelings are telling you. Do not wait until you feel like it. 5- 4- 3- 2- 1 *Get back to your piano.*

Let's go back to that meeting in Plano, Texas, where Christine has a decision to make. In the past, as soon as she felt uncertain, she would have just looked down at her notepad, said nothing, and in five seconds, the moment would have been over. If one of her colleagues had raised a similar idea (as colleagues often do), she'd spend the afternoon beating herself up for not talking.

But today, Christine does something different. She dreads what she is about to do and she can feel the five second window closing as her own brain fights her. Her stomach is in knots as she applies the Rule.

She starts counting backwards silently in her head to quiet the self-doubt and to switch the gears in her brain.

## 5..4..3..2..1..

The counting interrupts her normal pattern of behavior, distracts her from her fears, and creates a moment of deliberate action. By asserting control in that moment, she activates her prefrontal cortex so that she can drive her thoughts and actions. Then she opens her mouth and says, "*I have an idea.*"

Everyone turns and looks at her, and Christine feels like she might just die right there. She forces herself to keep moving forward. She sits up a little taller, takes up a little more space by sliding her elbows wider across the table (as power posing suggests we do), and starts to speak: *So I had this idea, you know how statistically all these Millennials are using Snapchat as a platform to ...*

Everyone listened to her idea, asked a few questions, and then her boss said, "*Thanks, Christine. Very interesting suggestion. Anyone else?*" On the outside, nothing earth-shattering happened, but on the inside something life-changing did. She discovered the courage she needed to become the person she always wanted to be at work—a rock star.

What Christine said isn't the point. It's that she said anything at all that makes this moment powerful. Sharing her idea for a social media campaign changed something way more important than the marketing strategy of a company. It changed Christine. It not only changed how she behaved, but it also changed how she viewed herself. It even changed her mindset. This is how you build confidence —one five-second move at a time.

She used the Rule to reach deep inside of herself to find a little courage. And by speaking up, when normally she'd hold back, she proved to herself on a random afternoon in a conference room in Plano, Texas, that she was in fact good enough and smart enough to contribute ideas at work.

It was a small but monumental step. And it took courage. The Rule is HOW she took a risk and was able to apply the advice that we all know works. It was HOW she leaned in as Sheryl Sandberg urges, outsmarted the lizard brain as Seth Godin implores, acted like an “Original” as Grant champions, and dared greatly as Brené Brown empowers us to do.

I said early on that the Rule is a tool that creates immediate behavior change. And that's exactly how Christine used it. That's how you'll use it too. By being deliberate, Christine was able to beat the feelings that normally stopped her and become more assertive in her career. The more that she uses the Rule to express her ideas, the more confident that she will become.

Confidence is a skill that you build through action. Social psychologist Timothy Wilson writes about a psychological intervention, “*do good, be good*” that dates to Aristotle. Its premise is based on changing people’s behavior first, which in turn changes their self-perception of the kind of person that they are based on the kinds of things that they do.

This is precisely why the #5SecondRule is your ally. It is a tool for action and for behavior change aligned with your goals and commitments. It is not a tool for

thinking, and at the end of the day, you are going to need to do more than think if you want to change your life.

Wilson clearly agrees. He has said that, “our minds aren’t stupid. It’s not like you can just tell your mind, ‘Think Positively.’ You’ve got to nudge it a little more along.” I believe you must do more than nudge. You must push right through the feelings that stop you and do the work to break the habits that hold you back. And then, you need to replace each and every one of these destructive habits with a habit of courage.

At the next meeting, Christine will need to practice everyday courage. She will have something to say and she’ll feel uncertain and uncomfortable. She will doubt herself as she is about to share her ideas, and then, she’ll hesitate and feel herself resist. That’s the push moment. It’s a moment when your values and goals will align, but your feelings will tell you “NO!” Christine will need to use the #5SecondRule to push herself to speak.

The more that she uses the Rule, the faster she will break her habit of staying silent in meetings and replace it with a new habit: courage. The more that Christine is able to express her true self and bring out the ideas inside her, the more alive, connected, and empowered she’ll become.

Nate knows exactly how empowering that feels—he is using the #5SecondRule “everyday now” to push himself to grow his wellness business:

Omg yes...I used this thing everyday now. I just used it today to meet a sharp looking cold market prospect at the hospital I work at. She was a patient waiting to be waited on and I approached her, sparked up a convo, and got her contact information to keep in touch and eventually share business material with at a later date.



Pushing herself to “get out of my comfort zone” is how Carol found the courage to achieve one of her #lifegoals #bucketlist—presenting to her nursing colleagues at a professional conference.



Carol

October 15 at 10:42pm · Aberdeen, MD · ⓘ

I want to thank you Mel Robbins for helping me conquer my fear on public speaking... In May of 2016, I heard you speak in NTI and you inspired me to challenge myself to better myself AND "Get out of my comfort zone!" I was so moved by your talk... As part of my 1st step, I submitted my project for a podium presentation, got accepted and spoke in front of nursing colleagues a few hours before Hurricane Matthew's landfall... #lifegoals #bucketlist



When Alexandra was invited to give a presentation at work, her head was full of excuses. In “a matter of 5,4,3,2,1” she acted on a “moment that changed everything”—and that gave her the confidence to teach “a post graduation class!”

When I was invited to give my first presentation (about online marketing) I thought: "Oh cool, but will I really do this? It's not 100% my topic... and it is in another town... and I will have to wake up EARLY on a SATURDAY! And plus, I already have a super busy and tiring week ahead of me, when will I work on my Keynote presentation? And just one more tiny detail: are they gonna like it? Maybe laugh at me?"

Then in a matter of 5,4,3,2,1, I stood up and thought to myself: "Mel Robbins would have said YES without even blinking!" And that's what I did! It was all about that one moment that changed everything! With the help of my amazing husband I set up the presentation, looked it over a thousand times, took my time, practiced in front of the mirror and I am so proud to say that the lecture on Online Marketing Investments was a success! After that I got invited to more and more presentations and even taught a post graduation class with the school!

Thanks for all the videos, book and social media posts Mel, really changed my NOs to YESses!!

Here's a picture of that first presentation! Keep me posted!

XO Alex

The reason why it is so freeing to use the #5SecondRule is because you are not only seizing the moment, you are also taking ownership of your life. You are changing your “NOs to YESes.” As Jim says, “never underestimate the power of you”—he’s used the Rule to beat “analysis paralysis” and have “one incredible year.”



**Jim Goldfuss Mel Robbins** 5-second rule has made for one incredible year for me. The things I have done and gotten involved in, while they require activity and commitment on my part, using it to prevent analysis paralysis and second guessing is huge. Never underestimate the power of you, and always use the tools successful people use to accomplish your goals! So pumped with how this year is going!!!!!!

As Wilson and Aristotle said, “Do good, be good.” Change your behavior first because when you do, you change how you perceive yourself. That’s exactly what Anna Kate discovered while using the #5SecondRule. She’s a marketing professional who used to stay quiet when the room was watching, worried that her colleagues would think she’s “silly and inexperienced” only to learn that once she found the courage to change her behavior at work, something she never expected happened—her “creativity flourished.”

*“Hi Mel,*

*Here is my 5 Second rule story:*

*While I reluctantly drag myself out of bed (in 5 seconds) in order to do my 30 before 7:30 (inspired by you!) and other morning routines, my career has been impacted the most by the 5 second rule.*

*I’m in marketing, so we are constantly on alert for new ideas. Each new idea can take off and develop into a full on campaign garnering major results for our clients. Yep, just one little inkling. In order to keep it all together, I like to carry a small notebook in my bag with me wherever I go and use it to jot down quick tasks but mostly ideas.*

*With the 5 Second Rule, I don’t think it out or consider the long term life of my idea, nor do I send it up the ladder for approval - I’ll deal with that later. I just need to get it on paper. Later, I revisit and take the time to evaluate a sound strategy.*

*I used to be such a sissy when it came to sharing ideas or even writing them down! I was self-conscious and worried about what people would think, or if they would see me as silly and inexperienced. Since I have casted my scaredy cat*

*syndrome aside, my creativity has flourished. Now, I can't remember what I was so worried about in the first place.*

*Thank you for the 5 Second Rule!*

*P.S. My team actually digs my ideas ;)*

*Anna Kate”*

You can feel like a “scaredy cat,” but 5- 4- 3- 2- 1 act brave. At the heart of everyday courage is a choice. Five seconds at a time you make a decision to do, say, or pursue what’s truly important to you. That’s why there’s such a tight bond between courage and confidence. Every time you face doubt and 5- 4- 3- 2- 1 right past it, you prove to yourself that you are capable. Every time that you beat fear and 5- 4- 3- 2- 1 do it anyway, you display inner strength. Every time you smash your excuses and 5- 4- 3- 2- 1 say it, you honor the greatness inside of you that wants to be heard. That’s how confidence grows—one small, courageous move at a time.

**Should have Could have Would  
have Did.**

## CHAPTER EIGHT

# HOW TO START USING THE RULE

---

**"WHETHER YOU THINK YOU CAN OR YOU**

**CAN'T, YOU'RE RIGHT."**

**HENRY FORD**

The fastest way to implement the #5SecondRule is to start by using it the exact same way I did. Here's a simple Wake Up Challenge that you can do tomorrow morning to jumpstart your use of the Rule. Just set your alarm 30 minutes earlier than usual, and the moment it rings count 5- 4- 3- 2- 1 push yourself out of bed.

### **Change Is Simple, Not Easy**

There are a few reasons why this challenge is important.

**First**, there's no wiggle room. The challenge is straightforward. It's just you, the alarm clock, and 5- 4- 3- 2- 1. If you fail, it's because you made a decision to blow off the #5SecondRule.

**Second**, if you can change your morning routine, you can change anything. Change requires you to act deliberately, despite how you feel. If you can master that in one area of your life, you can do it in any area that you are trying to improve.

**Third**, I want you to experience a concept called “activation energy” and feel how hard it really is to push yourself to do simple things. In chemistry, “activation energy” is the minimum amount of energy required to begin a chemical reaction. Chemists have found that this initial amount of energy is much higher than the average amount of energy needed to keep the reaction going. What does that have to do with getting up? A lot. The initial amount of energy to push yourself out of bed is much higher than the energy you exert once you’re up and moving.

Legendary psychologist Mihaly Csikszentmihalyi applied this concept to human behavior, blaming activation energy as one of the reasons why making change is so hard. He defines activation energy as that “initial huge push of energy that’s required to change”—whether it’s to get a stalled car to move forward or yourself out of a warm bed in the morning.

Jerome from the Philippines wrote:

*“It feels uncomfortable because my body and my mind are not ready for this kind of rule. But I’m willing to practice it.”*

That first bout of activation energy is so uncomfortable, but I want you to feel that resistance so you learn what it’s like to push yourself.

If you don’t get that huge push (like you did as a kid when your mother turned off the TV and said, “It’s a beautiful day, get outside and go do something.”) your brain will inevitably take you down the path of doing nothing.

When you start to count 5- 4- 3- 2- 1, it is the beginning of a chain reaction that not only awakens the prefrontal cortex, but also gets you ready to make that physical “initial huge push” that’s required to change.

When you get up the moment that alarm rings, it gives you personal power. This one small act of getting up when the alarm rings demonstrates that you have the inner strength to do what needs to be done. Plus, as Emma discovered, it will give you a “much more positive outlook on the day.”



Emma

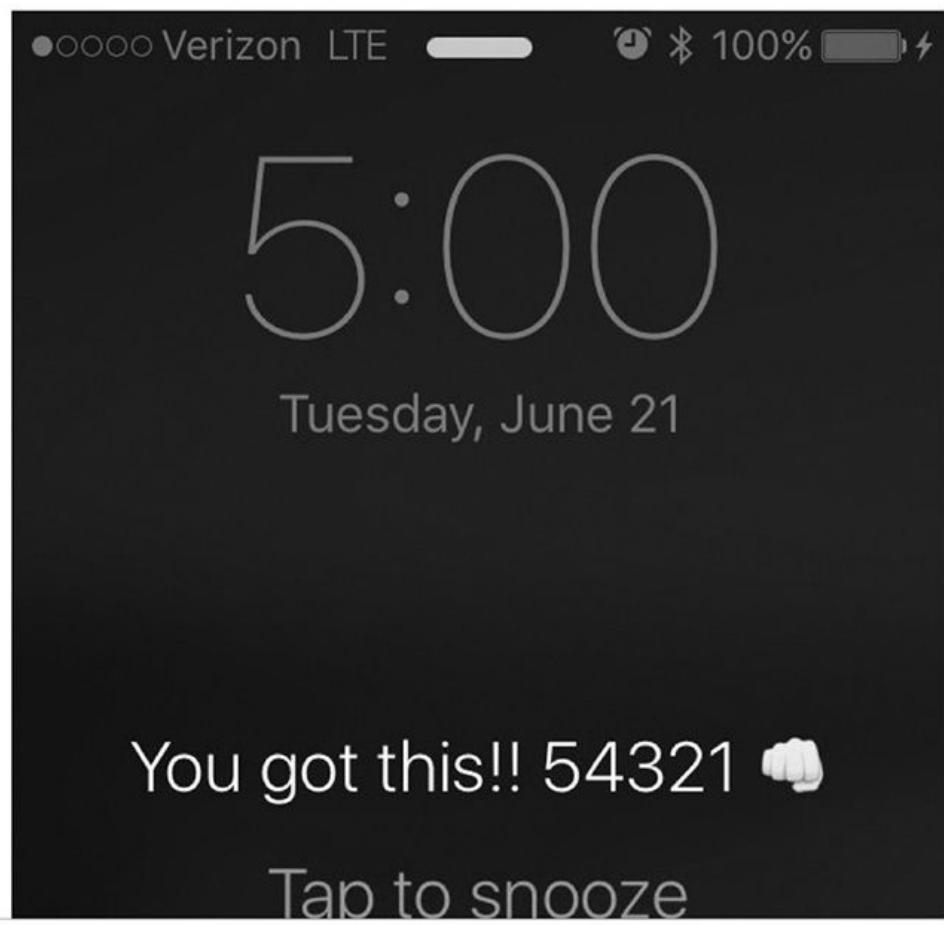
Hi Mel, I listened to your Ted talk last night, and woke this morning for the first time in.. Years.. To my alarm without hitting the snooze button. I've never had a more positive outlook on the day! I'm excited to try this approach for all aspects of my life!  
I just wanted to share with you that your words and lessons in living are reaching people all over the world!

That's also what Tracey experienced. By waking up at 5 a.m. and using the Rule to push her out of bed and to the gym, Tracy was able to start her day on a positive note.



tracy

Started the day with an early morning workout...and a little help from the #5SecondRule thank you, @melrobbins!!



If you can't get yourself out of bed, then you'll never be able to pursue all of the other changes that you want to make in your life. And if you take that simple step of taking control of your mornings, you'll catalyze a chain of events that leads to change everywhere.

## How To Set Yourself Up for Success

1. Before you go to bed, place your alarm clock in another room and set it for 30 minutes earlier than you normally wake up. Even though it isn't easy to "drag your ass out of bed," as Patty describes, you must push yourself to complete the challenge.

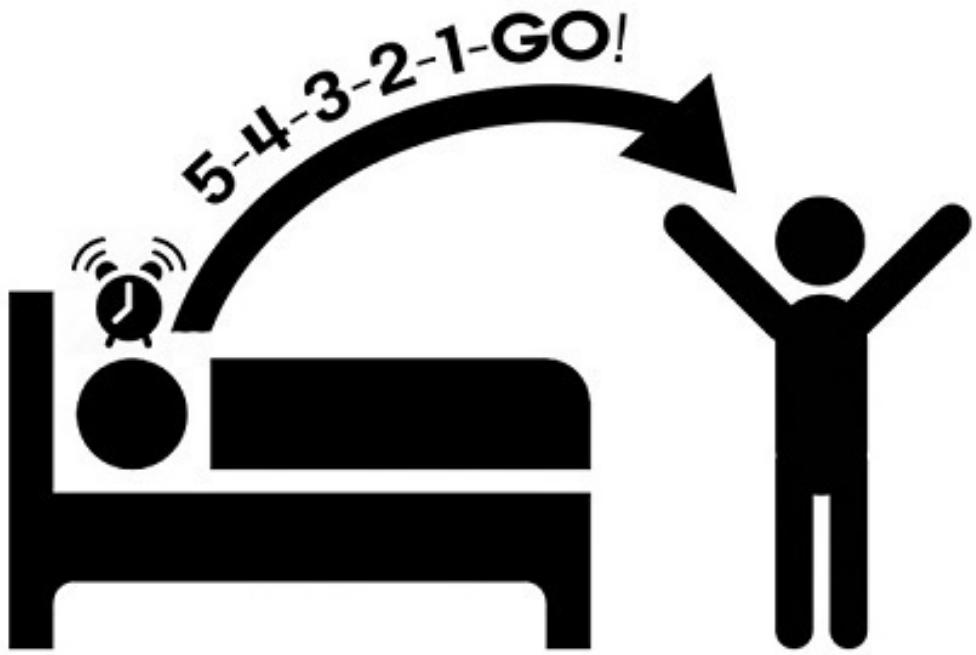


Patty

Just listened to you on TED-I'll be cursing you when I wake up 30 minutes earlier tomorrow, but I'll drag this "fine" ass out of bed!

You might be wondering why I want you to start this exercise by setting your alarm 30 minutes earlier. The reason is simple. I want it to *feel* hard, as if you literally have to drag yourself out of bed, just like Patty said.

2. Tomorrow morning, as soon as the alarm sounds, open your eyes and start counting backwards...5- 4- 3- 2- 1. Throw off the covers, get up, and walk out of your bedroom. Start your day. No delay. No pillow over the head. No lingering, no snooze, no crawling back into bed.



Here's what you can expect. As soon as that alarm goes off, you'll think about how you *feel* about getting up. You'll think, "*this Wake Up Challenge is stupid.*" You'll *feel tired*. You'll try to convince yourself to "*start tomorrow.*"

Just like Tim, you will "not want to get up"—but the #5SecondRule will help you win the battle with your feelings by giving you something to do that helps you get out of bed.

Good morning! I wanted to let you know that I used the 5 second rule this morning. My alarm went off at 4:30 am to head to the gym. I did not want to get up, then the 5 second rule popped in my head and I immediately got up. Just wanted to say thanks for that!



Once the #5SecondRule popped into his head, Tim was able to immediately get up and head to the gym. A lot of us have a “just don’t feel like it” attitude in life. In those moments, the Rule will help you take action like it does for Jessica:

*“I have found that the 5-4-3-2-1-GO helps on those days when an “I just don’t feel like it” attitude creeps in which is everyday, so again, THANK YOU!”*

That “I just don’t feel like it” attitude has a way of taking over your entire day and that’s another reason why this use the Rule is so important. It has a trickledown effect on the rest of your life. Just ask Stephen, who wrote to me about the night before he first tried the Wake Up Challenge.

I watched your Tedx speech on youtube. Truly inspiring. I'll be waking up at 6:30 tomorrow morning and tossing the covers off. No snooze.

- Stephen

I asked him how waking up early went. He said “it sucked” when he first tried it but over time, it has “made a huge difference.” His “mindset literally changed in the span of a few minutes” and since starting the Wake Up Challenge, he has found a new job that has allowed him to “start living life.”

**How did it go? It sucked. I hate mornings. I've also hated nearly every job I've ever had. I always settle and rarely pursue my passions. I've always been "fine".**

I was out of work for 4 months when I sent you the message about getting out of bed at 6:30. I won't say I haven't slept in since then, but it's made a huge difference. I had a mindset that I wouldn't be able to get a new job that I cared about that would pay enough for us to cover our bills, save for retirement and live life. That first morning was terrible, but only for the first few minutes. My mindset literally changed in the span of a few minutes. I was up, ready to conquer the world. Since then, I'm in a new position working for a company and selling a service that I strongly believe in. And the income potential not only pays the bills, but we'll also be able to save for retirement and start living life and having fun again.

I guess if I were to sum it all up for you, it would be this. I love helping others and I've long had visions of doing that through business by gaining and sharing knowledge, wealth and resources with others to allow them to pursue their passions. As of September 12th the snooze button has been broken and autopilot no longer exists. Watch out world, here I come and I'm bringing friends.

As you just read, for Stephen, “the snooze button has been broken and autopilot no longer exists”—and that has made all the difference. Stephen isn’t just waking up earlier. He’s changed from a guy who used to “always settle and rarely pursue my passions” to a person who has taken his life into his own hands, one five-second decision at a time. And it all started with getting up right when the alarm rang.

If you can get up on time, start your day powerfully, plan ahead, think about your goals, and focus on yourself, all before you get bogged down in your daily routine, then you will simply accomplish more. This is the first step to taking control of your life.

Remember, while I created the Rule to help me get out of bed, the #5SecondRule is about something far greater than waking up on time. It’s about waking up the power of you and using it to shake up your life.

After you try the Wake Up Challenge, let me know what you discover about yourself using #5SecondRule. You might find, like Stephen did, that it “sucked,” but over time, I guarantee this one small change will make “a huge difference.”

Now that you know how to get started, on a basic level, the next three parts of the book will dive deeper into how you can use the Rule to achieve specific goals including increasing productivity, beating the fear, feeling happier, and enriching your relationships.

**I'm tired.**

**It's too cold.**

**It's too hot.**

**It's raining.**

**It's too late.**

**Let's go.**

# **PART3**

## COURAGE CHANGES YOUR BEHAVIOR

# HOW TO BECOME THE MOST PRODUCTIVE PERSON YOU KNOW

---

I like to say that the #5SecondRule is “change agnostic.” It will work with any kind of behavior change that you are trying to make happen. The applications of the #5SecondRule are only limited by your imagination. If you want to adopt a positive new habit, just use the Rule to 5- 4- 3- 2- 1 and push yourself to do it.

You can also use the Rule to pull yourself away from destructive behavior like gambling, drinking, drugs, and impulsive behavior like micromanaging your team, snapping in frustration, and binge watching too many TV shows. Just 5- 4- 3- 2- 1 to assert control and shift your focus away from the destructive or impulsive behavior. Then turn and walk away from it. Like all change, it’s simple—not easy, and the Rule will help you get it done.

There are three behavior changes that we receive emails about constantly: health, productivity, and procrastination. I address them in this section of the book. You’ll learn the step-by-step approach to how you can use the #5SecondRule in combination with some recent research-based strategies to improve these three major areas of your life.

**First**, you’ll learn the secret to improving your health. You’re not going to like it, but it works—and you’ll see posts of people all around the globe who are using the #5SecondRule to do some pretty remarkable things for themselves.

**Second**, you’ll learn how to increase your productivity using the #5SecondRule, and the latest research on focus, productivity, and your brain. There’s a particular

fact in there about the snooze button and how it impacts your productivity that will really surprise you.

**Third**, you'll dive into a subject that plagues us all—procrastination. You'll learn about the two forms of procrastination, and the step-by-step method for how you can use the #5SecondRule in combination with 19 years of research to beat procrastination once and for all.

Everything you are about to learn can be implemented immediately and is backed by science. To reach your potential, you'll have to push yourself—there is no other way.

**Either you run the day or the day  
runs you.**

## CHAPTER NINE

# IMPROVE YOUR HEALTH

---

**“COURAGE IS THE COMMITMENT TO BEGIN WITHOUT  
ANY GUARANTEE OF SUCCESS.”**

**JOHANN WOLFGANG VON GOETHE**

Almost half of the messages I have received are from people, just like you and me, who want to improve their health. Whether it's to slim down, pump up, drop weight, lower cholesterol, heal yourself from illness, eat healthier, or improve strength and flexibility—whatever it is, you can use the #5SecondRule to get it done.

The fact is that thinking about being healthier won't make you healthier. Even meditation, which is a mental exercise, still requires that you DO IT. There is no getting around this. You must take action.

The irony is that in no other area of our lives is there more information, support, research, options, or free content than on the subject of health and wellness. You could Google “diet,” download the top 20 search results, print them

out, put them on a dart board, and follow whatever diet the dart hits. The diet, if you actually follow it, will work. The problem is never the diet. The problem is always your *feelings* about dieting. The same is true about exercising.

Just like Ana, we “never feel like working out” and we let these feelings get in the way of our desires to become healthier. Using the #5SecondRule, Ana pushed herself to 5- 4- 3- 2- 1 and got back on the bike:



Yes, you may hyperventilate as you pedal, but who cares? It sounds better than making excuses at home.

Every single diet, exercise program, gym circuit, workout class, physical therapy regimen, cross-training routine, meditation program, and yoga flow will improve

your health. But here's the catch—YOU HAVE TO DO IT. And believe me, I get it. I loathe exercise, especially if it's cold or raining outside. I hate it as much as I hate getting out of bed. Without the #5SecondRule, I'd never do it.

Why is getting healthy so hard? You already know the answer—your feelings. If you *feel deprived* of bread, you won't stick to your gluten-free diet. The second you consider *how you feel* about eating salad for the next 113 days, you'll convince yourself not to do it. The moment you scan today's CrossFit workout and consider *how you feel* about doing three sets of 45 burpees with a bunch of people in a parking lot—you won't feel like walking out the door and going.

Will sticking to a diet make you happy? Absolutely. Will seeing your friends at CrossFit and working out make you happy? You better believe it will. Just ask Melanie, who had trouble getting “off the damn couch” before finding the Rule.

**Dear Mel,**

I just wanted to say thank you.  
Thank you for saying it in a  
language I can relate. For making  
me get off the damn couch and out  
of my head. For experiencing  
momentum and just be my  
**awesome self!**  
**Relief. Freedom and**  
**breakthroughs!**



And once she did get moving, Melanie experienced “Freedom and breakthroughs,” something that we all want. The moment you accept the fact that we just want to do the things that *feel easy*, you realize the secret to getting healthy is simple—you’ll never feel like it, you just have to 5- 4- 3- 2- 1-GO!

Blowing off the gym, hitting the In-n-Out Burger drive-thru, and wasting time on Facebook is a hell of lot easier than hyperventilating in a spin class or cutting out sugar from your diet. If you want to lose weight, follow a diet, and regularly exercise, there’s only one thing you must do: Stop thinking about how you feel. Your feelings don’t matter. The only thing that matters is what you DO.

Erika realized this. Even after starting her weight loss journey, she found herself “losing all motivation to get my workouts in” and “always had an excuse” why she

couldn't hit the gym.

Hi Mel!

I'm such a huge fan of yours, I saw you on CNN last year and was intrigued. I've been following you on twitter for about a year now and your inspirational tweets help so much but what has really helped is your #5secondrule.

I finally got my butt into gear this year and started to lose weight that I had tacked on over the last couple of years. I've lost 30 pounds this year and despite that, I found myself losing all motivation to get my work outs in. I always had an excuse- I worked too late, I didn't have enough time, blah..blah..blah.

I watched your video about weight loss on your blog a few weeks ago and you were spot on about every damn thing. I'm never going to feel like working out but if I want to see continued results, I need to get those workouts in.

I've been using your #5secondrule and today marks day 7 of not missing a workout. Some days I still don't want to workout but I have goals and if I convince myself to get that workout in within the first 5 seconds, it gets done.

Can't wait for your book!

Best,  
Erika

Once she realized that she was “never going to feel like working out,” Erika was able to find 5 second windows of opportunity and then push herself to act on them. Exercise is 100% mental. Your body won’t go where your mind doesn’t push it. That’s why the #5SecondRule is game changing for your health.

Here's HOW you use it...

5- 4- 3- 2- 1-GO and get to the gym.

5- 4- 3- 2- 1-GO and put down the donut and eat a grilled chicken breast.

5- 4- 3- 2- 1-GO and walk away from the bakery even though the bread and desserts are seducing you like a siren.

There are people all over the world who are fatter, lazier, and more out of shape than you who used 5- 4- 3- 2- 1 to change themselves into a totally different body, mindset, and life.

Like Charlie. This guy first reached out to me weighing 383 pounds. His waist was 54 inches. Look at the photos in the following Facebook post and you'll see how heavy he was.

Charles

Juicingstrong and eating healthy day 529  
Starting weight 383 lbs. waist 54"  
Current weight 238 lbs. waist 37"  
The things that motivate make a difference!!!!!!!

My weight loss journey started  
January 15, 2015, but if weren't for the  
5-second rule I might have never started down the road!  
On February 2014  
I watched a TedTalk,  
How to stop screwing yourself, by  
Mel Robbins  
One of the keys to the talk is the  
5-second rule. "If you have a thought, impulse or idea and you don't tie an  
action to what you're thinking, it will be lost forever!"  
After watching the lecture I put the rule into action.  
You see that's the day for the first time I said to myself that I wanted to help  
and motivate others, and in that moment I did something within 5-seconds, I  
said what I wanted to do out loud and I wrote it down! "I Put it into action".  
I thought I should e-mail Mel and thank her and normally I would never do  
that, but within that 5 seconds I did, and guess what she responded and we  
ended up meeting over the phone and that has impacted my life in ways I  
could've never imagined.  
Since that day back in February of 2014, I got my life back  
Here are some of the things that have happened  
1. I lost 176lbs  
2. I'm coaching, inspiring and helping others  
3. I met Joe Cross, (Fat Sick and Nearly Dead)  
4. I juiced for 300 days straight  
5. I have put on over 25 of my own talks (hope to do a TedTalk in the future)  
6. I always try to live the 5-second rule and put my thoughts, ideas and  
impulses into action, because you never know where they will lead on this  
journey.  
Never quit, never give up! Much love  
Thank you Mel Robbins for getting me down the road in 5- seconds



Imagine how horrible he felt. Now look at the other photo of him in the bottom photo—celebrating his life. He is literally a different human being. How'd he do it? By drinking drinks that taste like grass. Yuck, you might say. But that's what it took for him to reach his goal. Today he runs a business called Juicing Strong that helps people become their healthiest selves.

For 529 straight days, this guy pushed himself to keep the promise he made to himself. Why? Not because he felt like it—but because he said he would. Imagine if

Charlie spent the last 529 days *thinking* about losing 176 pounds instead of juicing. What would have happened? Nothing. Alexandra also found her way to a healthier lifestyle by juicing:

Hello There! Alexandra from Brazil!

About my 5 second rule experience:

Every single day I have to spend at least one hour juicing! yes, green, purple, orange, red fresh juices changed my life, and I love them, but life is busy.

So everyday around 5:30pm I am looking at a full email box with marketing plans and reports to send out and aaaalmost go like "maybe i'll just skip the juice today.." BUT NO! NO WAY!

I breathe and think: the emails aren't going anywhere, and nobodys gonna get injured if i delay the report for 2 hours.. so its all about 5, 4, 3, 2, GO JUICING. And it works.. every single day :)

Charlie and Alexandra both found that when you follow your instincts to lead a healthier lifestyle by taking a courageous action, change starts to happen in your life.

It takes courage to start something, it takes courage to stick with it, and it definitely takes courage to share it with the world. That's what Pakinam described to me. Courage is what it required to lose weight because sometimes, as Pakinam writes, the gap between where you are and where you want to be can seem so huge, that we can't even face how much work we have to do:

*Hi Mel,*

*For my entire life I have been over weight. Now I am trying to diet for the first time in my life. I feel lost and trapped, but I keep on going. I have a massive feeling of insecurity and vulnerability. Can you please explain this?*

The short answer is that the gap between the person you are now and the person you want to become can seem so big that it feels impossible to bridge that gap. Feeling this way is normal, but allowing those feelings to take over your mind is a form of self-abuse.

That's why I love Charlie and that photo of his bare belly hanging over his shorts. Anyone can bridge the gap between the numbers on the scale with a push. Let Charlie's example inspire you to start today. And let his results encourage you to stick with it.

I have someone else I want you to meet. Mark is using his Instagram friends to hold himself accountable. Five thousand pushups in a month? Holy cow! I can barely do five a day, #exercisegoals.

**fujfocus** Deciding to take my fitness to another level by announcing to my Facebook nation that I would do 5000 push-ups, 2000 pull-ups and run 200 kilometers in the month of July. All of this while vacationing with my kids half the month and trying to finish my book on increasing business value and selling a business which by the way started because of your 5 second rule which is so powerful. Can't wait to read your book @melrobbinslive . I'm living proof that your brilliant advice works. Love you Mel!!

The discipline of daily exercise will also help his other personal and professional goal of "trying to finish my book on increasing business value and

selling.” Every day that Mark exercises, he’ll have a brain that’s primed to help him finish writing that book. Go Mark! Keep us posted when your book is available.

Maybe 5,000 push-ups in one month is a little overwhelming because it might literally kill you. No problem. How about just taking on a fitness challenge? Check out Anouk—she’s on week three of hers. She is telling us the simple truth about health and exercise: “I really really really didn’t feel like it but did it anyway BOOM BOOM BOOM.”

BOOM to you Anouk, you rock girl. And you rock too—when you push yourself to take action when you don’t feel like it.



If you feel overwhelmed by the thought of taking this on for real, meet Alice. She’s “a 19-year-old girl from the UK” who wrote to me because she had been in a

“really bad place.” Here’s how she described it:

*I suffer with anxiety and agoraphobia and they really took their toll on me. I gained about 30lbs, which made me even more miserable and I stayed indoors even more. Additionally, I felt pressured by my parents to do a certain degree at a certain university and convinced myself I was fine doing this in order to please them...I watched your video and it really made me think, is this really what I want? Am I really ‘fine’ being the size I am? Do I deserve to get what I want?*

*I won’t lie it took some time but I watched your talk about once a week and then I had the impulse...”*

She had the instinct to get real with herself. She had the desire to assert herself and take control of her life. She had the urge to change. And she did! Not only did she talk to her parents, but she changed her major.

*Was accepted to the University of my choice and the course of my choice and am due to go this October. As for my weight, since December I’ve lost 28lbs from eating healthily, getting into a good exercise routine and it’s all down to your 5 second rule.*

*I hope I didn’t take up too much of your time, but I really wanted to tell you how much your talk impacted me! I have still got a long way to go but whenever I feel myself slipping I watch your talk again!”*

That’s what it takes. It takes courage to do what Alice did. It takes courage to be honest with yourself about what you want. It takes courage to assert yourself—to start. Often, that first step is the hardest. If you fall off the wagon or “slip,” you can get back on track. Slipping is normal. There are days when you won’t feel like it. Remember, you can take control again. It takes just five seconds.

Just ask Kristin. She says something really important in her Instagram post —“The first step—getting out of bed—is the hardest. But so worth it.” No matter how many times you’ve exercised, starting each day is the hardest part.



Remember when I told you that I wanted you to start experimenting with the Rule by doing the Wake Up Challenge? That's so you can experience "activation energy." It's the force required to start something, and that's exactly what Kristin is referring to. And she's right—it is so worth it. In fact, there's nothing more worth it than learning to push yourself right past your excuses and one step closer to the life, the body, or the future you dream about.

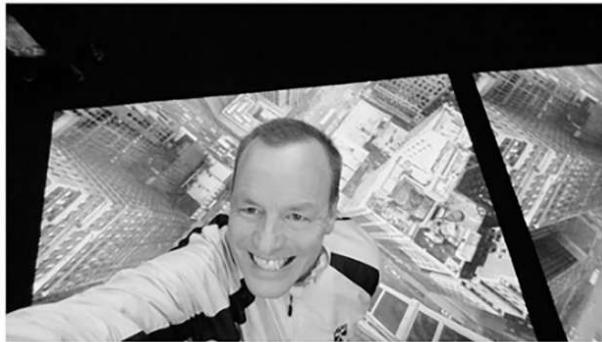
Maybe your health challenge isn't about the gym. Maybe it's about something scarier, like fighting an illness. You aren't alone and you need courage every day to heal, to live, and to stay strong. A lot of people have written about struggling with cancer and setbacks in health, wondering how they can reclaim their courage and strength to fight. The #5SecondRule is a tool that you can use to find the inner strength to face serious illness.

Greg Cheek is one heck of an inspiring guy to follow. Stage three cancer. What did he do? He's run 10 marathons—since his diagnosis! How incredible is that?



Greg

@melrobbins Running Marathon  
#10 in Hamburg, GE since my Stg  
III cancer diagnosis. You've  
inspired me Mel!thx Greg



Greg

@melrobbins thanks Mel! Great run today and  
thanks for your inspiration. #hamburgmarathon  
#marathon



Maybe it's not about running marathons. Maybe health for you means being brave enough to get your annual mammogram screening done. When Amy Robach, the host of *Good Morning America*, was asked to have her first-ever mammogram live on-air during Breast Cancer Awareness Month, her initial internal response was *no way, no how*. She didn't have any connection to the disease and didn't want to make it look like she was trying to steal the limelight. Amy turned to Robin Roberts, a

fellow anchor and a breast cancer survivor, for advice. After Amy told Robin that she had never had a mammogram, Robin replied:

*"Amy, that's the whole point. Listen. Nobody knows better than I do how uncomfortable it can be having people watching you go through something medical. But the power of saving even one life is so remarkable, you'll never regret it. And I can pretty much guarantee it will save a life. Just by you walking into that mammogram and demystifying this test, someone will find out they have cancer who wouldn't have otherwise. Amy, 80% of women who have breast cancer have no family history."*

Amy made up her mind right there, in Robin's dressing room, and decided to have the mammogram. She went back on air weeks later to reveal that the screening she had done on live television had saved her life—she had been diagnosed with breast cancer. Amy went through a double mastectomy, eight rounds of chemotherapy, and today is cancer-free.

While Amy didn't use the #5SecondRule in her decision, she got a push from Robin during a critical moment and made a five second decision. Thank goodness she did. You may not be lucky enough to have a work colleague there to push you, but you can always give yourself that push, 5- 4- 3- 2- 1-GO.

Improving your health is all about action. You might not lose as much weight as Charlie, or run marathons like Greg, but you can push yourself to get to the dentist, to exercise, or go to the doctor for a test like a mammogram or prostate screening. When you push yourself just like so many of the people you've just read about, the life that you change will be your own.

Life is about the choices we make. And I have said over and over in this book that you can always choose how you act. If you have goals to get healthier, what you need to do is usually straightforward. Pick a plan to follow, any plan will do—and then 5- 4- 3- 2- 1-GO. The only thing you will need to choose after that is choosing each and every day to DO IT even though, as Anouk said, you “really really really don’t feel like it.”

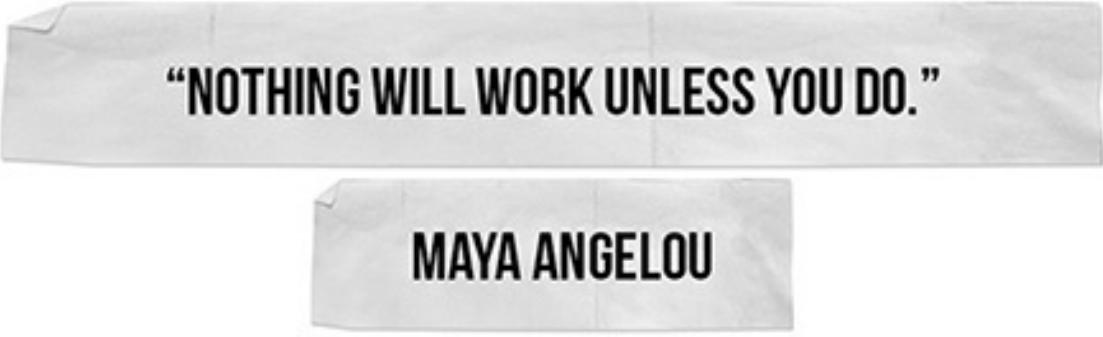
I said that what you need to do is simple. I didn't say it would be easy. I promise you, it will be worth it. Exercise and health comes down to one simple rule—you don't have to feel like it. You just have to do it.

**Go  
the  
extra  
mile.  
It's  
never  
crowded.**

## CHAPTER TEN

# INCREASE PRODUCTIVITY

---



**“NOTHING WILL WORK UNLESS YOU DO.”**

**MAYA ANGELOU**

Productivity can be boiled down to one word—FOCUS. There are two types of focus you need to master productivity: **First** the ability to manage distractions so that you can focus moment-to-moment on the task at hand, and **second**, the skill of focusing on what's truly important to you in the big picture, so you don't waste your day on stupid stuff.

We're going to explore both types of focus, take a look at the latest research on the subject, and learn how to use the #5SecondRule to master the skills of focusing your time on what's most important and managing distractions when they pop up.

## **Get Serious About Managing Distractions**

---

Managing distractions is like following through on health goals. You're never going to feel like it; you just have to make yourself do it. You already know that being addicted to your phone, texting, and answering emails is a distraction...but stopping it feels impossible.

Even though you know you should turn off pop-up alerts, silence your phone, and stop checking email every five minutes, this knowledge doesn't change your behavior. I could bury you with research about how bad this is, but it wouldn't change your behavior. This is where the #5SecondRule comes into play—you don't have to want to do it, you just have to push yourself to do it.

**First** you must decide that distractions are not good. Interruptions of any sort are the kiss of death for your productivity. Research shows open office spaces are a nightmare for focus. Checking email can become an addiction because of what behavioral researchers call "random rewards." You have to decide that your goals are more important than push notifications. It's that simple.

**Then** you just remove them. I'm not claiming this is rocket science. I'm also not going to tell you that it's easy. But I promise you that if you use the #5SecondRule, you'll actually do it. When you start to remove distractions and are able to focus on the moment-to-moment things that matter you will have "no idea" how much it will help, as Karen wrote:

**hendricks\_luv** You have no idea how X  
much you have helped me. No idea.  
Every single day. From the bottom of my  
heart, Thank you 😍

Recently, I was talking about this with my high school-aged daughter Kendall. She loves social media, but would spend so much time on her phone that it was seriously distracting her from her schoolwork. Plus, it was making her feel insecure to constantly compare herself to the social media posts of celebrities and supermodels.

Just like you and me, she knew that social media was making her less productive when she needed to focus on homework. Kendall decided that the best way to manage the distraction of social media would be to get rid of the temptation—so she deleted photo sharing apps Instagram and VSCO from her phone.

In her words:

*“After deleting it, it dawned on me how unimportant the stuff is to my life. When these apps were on my phone, it was an involuntary action to click on it and look. Now that the apps are gone, I don’t have the urge to look at it ever.”*

And distractions are not only in the form of technology and social media. Sarah found that her clutter was a major distraction in her life and decided to take action. She used the Rule to beat “emotional” hoarding and 5- 4- 3- 2- 1 and “donated, recycled, sold and also trashed” so much stuff:



### **oneisstarvedfortechnicolor**

I'm using the five second rule to declutter my life. I'm an emotional hoarder and it was becoming problematic. So when I'm clearing through my junk I make my choice in five seconds: and sure enough it works. I've donated, recycled, sold and also trashed a LOT of things in the past few weeks. Now it feels amazing not to be bogged down by useless "stuff".

By clearing through her junk with five second decisions, Sarah now feels “amazing” and is no longer “bogged down.” So if you find yourself getting distracted like Kendall was by social media or Sarah was by her surroundings, that’s

a huge moment of power. You just woke up and now it's time to shake up your environment. 5- 4- 3- 2- 1. Remove the distraction. It really is that simple and the rewards are powerful.

The harder and more powerful thing to do is to master the second type of focus: big picture focus. There's one thing that I've used the #5SecondRule to do that has increased my big picture focus like nothing else—being a “boss” about my mornings.

## **Own Your Mornings**

Taking control of your mornings is a game changer for productivity. The way I did it was to create a morning routine. Alissa found after she implemented her own morning routine, she started to “rule” her days:

**allthethingsetc** Ok so I have become a little obsessed with @melrobbinslive I love her message and I am practicing her rules, getting up early (I hate that but I want to love it), eating breakfast (coffee, I don't eat it normally), not touching my phone till after! Clearing my mind. Set intentions and Rule my day!  
#mondays #motivation #melrobbins

Just as Alissa said, when you create a morning routine and follow it, you “set your intentions.” And over and over, you’ll trigger a chain of events that will shock you.

I owe my morning routine to Duke University professor Dan Ariely. According to Ariely, the first two to three hours of the day are the best hours for your brain,

once you fully wake up. So, if you pop out of bed at 6 a.m., your peak thinking and productivity window is 6:30 a.m. to 9 a.m. And so on.

If your household is anything like ours, it's chaos most mornings. Feeding the dog, getting breakfast ready, and guiding three school-ready kids out the door can chew up more than an hour and cut into your peak productivity window. That's why I had to get serious about my mornings if I planned to be the boss of my day—and it started with getting up earlier so that I had time to focus on my big picture goals before the day hijacked me.

Here's how I changed my routine to become a master at focusing on my priorities:

## **My Daily Routine**

### **1. I get up when the alarm rings.**

We went over the importance of this when you learned about the Wake Up Challenge. The alarm rings. I get up. The end. For peak productivity, you should NEVER hit the snooze button. There's actually a neurological reason why, one that I learned while conducting research for this book.

You know that getting a good night's sleep is important for productivity. But I bet you didn't know that **how you wake up is just as important as how you sleep.** Scientists have recently discovered that when you hit the snooze button it has a *negative impact on brain function and productivity* that can last up to four hours! Here's what you need to know.

We sleep in cycles that take about 90 to 110 minutes to complete. About two hours before you wake up, these sleep cycles end and your body starts to slowly prepare to wake up. When your alarm rings, your body is in wakeup mode. If you

hit the snooze button and drift back to sleep, you force your brain to start a new sleep cycle that is 90 to 110 minutes long.

When the “snooze” alarm goes off 15 minutes later, the cortical region of your brain, which is the part of the brain responsible for decision-making, attention, alertness, and self-control, is still in the sleep cycle. It won’t be able to snap awake—it needs 75 more minutes to finish what that snooze button started.

It can take up to four hours for this “sleep inertia” condition to wear off and for your cognitive functions to return to their full capacity. That’s why you feel so darn groggy when you get up after hitting the snooze. It’s not because you didn’t get enough sleep. It’s because once you hit the snooze button, you started a new sleep cycle and then interrupted it. On days when you hit the snooze button, there’s no way you’re at your best.

So, I’m dead serious about this. The alarm goes off. No snooze button. Get up. Not negotiable.

## **2. I walk to the bathroom and turn off the alarm.**

My husband and I do not have our phones or alarm clocks in our bedroom or on our nightstands. Where is my phone? In the bathroom. Close enough so I can hear the phone ring if someone calls and the alarm ring in the morning. But, far enough so I don’t fall to temptation. If my phone is on the nightstand, I will grab it without thinking and stay in bed reading emails. You know you’re guilty of the same. If it’s in reach, it’s easy to grab without thinking. A majority of adults read emails before they get out of bed, and a recent study from Deloitte reports that one-third of adults and one-half of those under the age of 35 actually wake up and check their phones in the middle of the night. By putting my phone/alarm in the bathroom, I’m making it harder to succumb to the habit of reaching for my phone, and I am setting myself up for a good night’s sleep.

### **3. I brush my teeth and focus on the day ahead.**

I use the 3 to 5 minutes of time that I spend washing my face and brushing and flossing my teeth to focus my thoughts on what I really want and need to do for ME and MY big-picture goals. This is not a to-do list. This is a “must list.” It’s a moment when I consciously collect my thoughts and think of one or two things I might not *feel* like doing but that I *must* do today—for my goals, dreams, and business growth. Researchers call these SMART goals (Specific, Measurable, Achievable, Realistic, Timely). I just call them two things that will guarantee forward progress on things that matter to me. It’s usually the “crap” I don’t feel like doing, just as Morphin described:



**Morphin**

@melrobbins watched your TED Talk woke up 1 hour earlier and will finally force myself to do some crap I don't feel like doing. Worth it thx

### **4. I get dressed, make my bed, walk into the kitchen, and pour a cup of coffee.**

Have you noticed what I haven’t done yet? I haven’t looked at my phone or gone online to check email. Why? Because I know that the second I do, I will lose my focus. The moment you check email, read the news or surf social media, someone else’s priorities jump in front of yours. Do you think that Bill Gates and Oprah are lying in bed scrolling through social feeds? Nope, and neither should you. You must put yourself first, so do not check email until you plan YOUR day.

### **5. I write down my 1 to 3 “musts” and why they are important.**

In my cheapo daily planner that I bought at an office supply store, I jot down the one, two, or three things that I feel I *must* do today—that are for ME. There are a couple of reasons why this is an important step: one, because I am a visual person, and two, according to research by Dominican University of California psychology professor Dr. Gail Matthews, by simply writing down your goals, you are 42% more likely to achieve them.

Having them written in my planner means that I'll see them throughout the day and be reminded to act. Having the “why” statement reminds me of why these goals are important and gives me an added push.

If I put them in my electronic calendar, I'll forget about it. Half the time, I walk into a room and can't remember what I walked in for—so I “stalk myself with my musts” by keeping them written down. When they are in my planner, which is something that I look at throughout the day, I'm cued visually. Seeing my “musts” reminds me to do these tasks. You can do this in a notebook, in your calendar, wherever—just write them down and keep them with you, just like Sharon does:



**Sharon**

@melrobbins I'm in control of my task list! #5secondrule #ThankYou

## **6. I plan my day and take 30 before 7:30 a.m.**

I plan and often execute the most important “musts” FIRST, before I check my phone or go online and check email. I do this using a tool I call “30 before 7:30 a.m.”

I take 30 minutes before 7:30 a.m. to plan out my day. During this time block, I either start working on my two or three musts or I schedule time to get them done later in the day. If I am home, I try to start this planning session at 7:00 a.m. when

the last one of our kids leaves for the bus. These 30 minutes are critical to my success.

By setting up your day to make sure that you “focus on the right things,” as Jeremy does, you prime yourself to be “much more productive” and successful in accomplishing your goals for the day.

**jzarghami @melrobbinslive** I've been using the rule so much lately! It has helped me be so much more productive and it helps me focus on the right things. Thank you so much!

The concept of “30 before 7:30 a.m.” cannot be done once you walk into the office. You must do this at home or at your favorite coffee shop or on the train or sitting in your car in the parking lot. I’m not kidding. The moment you walk into your office and answer that first email or take that first call, your day is gone.

Professor Sune Carlsson studied how CEOs get so much accomplished. What was the secret of these high-powered executives? They worked at home for 90 minutes because “there was some chance of concentration.” At work, they reported being interrupted every 20 minutes. And what did I tell you about interruption? It’s the kiss of death to productivity.

Why else is it important to plan and do the most important stuff first thing?

Remember, as Dr. Ariely told us, the first 2 to 3 hours of the day are the best hours for the brain to focus on the tasks or goals that advance your own personal or professional goals. Filling that time with unimportant stuff is stupid.

Answering emails, taking phone calls, and sitting in meetings have a way of taking over your schedule and rarely lead to making major improvements in your life. For your own happiness and to protect the time necessary to focus on the deep work, the first few hours of your day must be grabbed by you, for you. Fight for it.

If you work on two things you consider important, you are making progress on projects that matter—and are winning the long game.

Waking up early and planning out your day has huge benefits. Just ask Mari:

I loved your TEDxSF Talk and immediately wrote a blog post and started on a book. I've been getting up at 5am for a couple of weeks and enjoying the benefits immensely. I've been writing a journal as a checklist to get my daily rituals done.

The book will summarise the path I followed and the achievements that this brought over the course of a year.

By jumpstarting his mornings with early wakeups (no snooze!), checklists, and rituals, he has been able to take control, set his priorities straight and find time to start working on a new book. I followed up a few weeks later, asking Mari how the morning ritual was going:

Today is Day#54 for me getting up at (of before) 5am and following a daily ritual. The 5 second rule gets my butt out of bed on the cold mornings and into my 'first thing workout'

Mari

That's amazing, Mari, day #54 of being a boss. Tony did the same and found his "way back into the gym every morning at 5a!":



**Tony**

@melrobbins since attending your 5 seconds training in MPLS about a month ago I have forced my way back into the gym every morning at 5a!

I know it's hard to get up that early and get right into a workout, but when you 5- 4- 3- 2- 1 to find the activation energy to beat those feelings of resistance, you

not only set yourself up to be the boss of your day, but you also activate your greatest self.

## **7. I plan my quitting time.**

Here's something else I learned from research. In addition to planning my day, I also plan the time I will stop working. That's right. Every day, when I start my day, I determine what time I will stop working and hang out with my family. Having a deadline for stopping or redirecting does two things: it makes me more intentional with the time I have and that makes me more productive.

There's a principle called Parkinson's Law—work expands to whatever time you give it. So give your workday a deadline. A deadline is important for stamina and mental health. It forces you to focus and be serious about taking the break from work. It's a break that we all need to be present with our families and give our brains the time to rest, recharge, and reset that they require. I'm not going to lie, I've had to use the rule to force myself 5- 4- 3- 2- 1 to turn off the computer to stop working for the day more often than I would like to admit.

Using this daily routine has helped immeasurably. It is how I put my priorities ahead of putting out daily fires. I feel more in control because I own my actions from the moment the alarm rings. I have more clarity (which helps spot opportunities) because I've defined the 2-3 big picture musts that will move my goals forward.

If I notice myself detouring from my routine or getting distracted, that's a moment of power. I use the Rule, 5- 4- 3- 2- 1 to get back on track. Of course, you can create any routine that works, but if you are looking for a way to start, try mine. Lots of people have found great success adding exercise, meditation, and gratitude lists to their morning routines. Road test them all to see what works best for you.

What I'm telling you is simple, it's obvious, and it works. Customize it so it works for you, but by all means 5- 4- 3- 2- 1 to do it. When you do the work to be the boss of your day, as Christie says, it's a "real game changer." She has achieved the highest rank in her company and is "on fire."



Christie

I have learned that I can push myself to limits I never thought possible. I have learned it is as simple as 5,4,3,2,1... Thank you Mel Robbins for your talk, a real game changer. I have learned that no matter what you want, if you work hard enough, it will and it can happen! I have met some of the most amazing people that have achieved the highest rank possible within our company and I have learned so many tips and tricks to work my business, my mind is spinning and on fire!

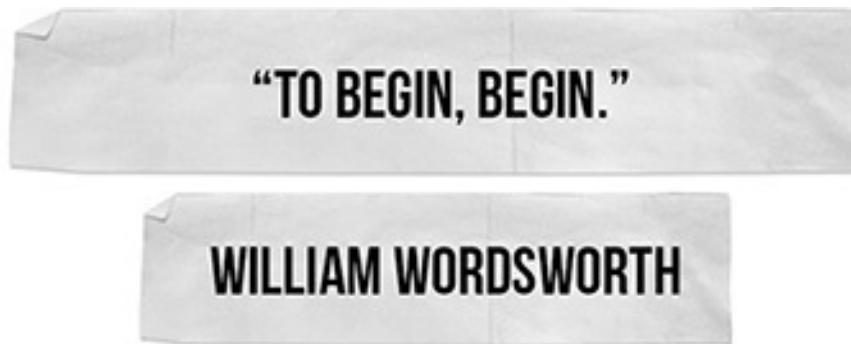
**Now it's your turn.**

**Start before you're ready. Don't  
prepare, begin.**

# CHAPTER ELEVEN

# END PROCRASTINATION

---



The #5SecondRule is an incredible weapon in the fight against procrastination. Before we dig into how to use it, we need to define procrastination, what it is, and what it isn't. In researching this book, I was shocked when I learned what causes procrastination. I had it all wrong!

I was also surprised to learn there are two kinds of procrastination: destructive procrastination, which is when you avoid tasks you need to complete, and productive procrastination, which is an important part of any creative process.

Let's start with the good kind.

## **Productive Procrastination**

If you are working on a creative project or an innovative idea, research shows that procrastination is not only good, but it is also important. The creative process takes time, so when you set a project aside for a few days or weeks, your mind can

wander. That extra time spent mental wandering gives you the ability to come up with more creative, “divergent” ideas that enhance your project.

Productive procrastination was a hugely liberating concept for me to learn, especially while struggling to write this book. Before I learned about productive procrastination, I beat myself up constantly because I kept feeling burnt out, I had writer’s block, and I thought it meant I was a bad writer, lazy, or incapable. In truth, a creative process of this magnitude just took time.

My mind needed breaks and time to wander. It took me seven months longer than I thought it would to finish and the book is 100 times better for it. If you’re not getting the results that you want, give the project some time, go focus your energy somewhere else, and then come back later with fresh eyes.

So, if you are working on a creative project, and you don’t have a fixed deadline, it’s not procrastination if you let your work sit for a few weeks so you can let your mind wander. It’s the creative process. Those fresh new ideas you have as you procrastinate productively will make your work even smarter.

## **Destructive Procrastination**

---

Destructive procrastination is an entirely different animal. It’s when we avoid the work we need to get done and *know* there will be negative consequences. This habit really comes back to bite you in the end.

Every one of us has a pile of stuff we can’t seem to get to: updating photo albums, analyzing a spreadsheet, finishing a proposal, cleaning out Dad’s house, or plowing through a to-do list that would grow your business. It’s anything that we find ourselves deliberately avoiding that really needs to get done.

Evelyn found herself procrastinating and beating herself up: “I have questioned everything about myself for years.” She put the Rule into effect and it’s been

“AMAZING.”

Once she discovered 5- 4- 3- 2- 1-GO, Evelyn was able to push past her questioning and just got things done, impressing even herself.

Mel, I got up yesterday after I put the rule into effect... I have questioned everything about myself for years. I start..I stop..I'm nothing..I'm something..I cleaned my living room, kitchen, dining room, did 7 loads of laundry and I was AMAZING! THAT'S just the beginning! I impressed myself!! I'm signed up..my husband is signed up and I'm ready to move!!!



She probably didn't know why she was procrastinating. Most of us don't. For a long time, everyone believed procrastination meant poor time management skills, a lack of willpower, or lack of self-discipline. Boy, were we wrong. Procrastination is not a form of laziness at all. It's a coping mechanism for stress.

## **Procrastination and the Connection to Stress**

Timothy Pychyl, a psychology professor at Carleton University, has been studying procrastination for more than 19 years. Dr. Pychyl has found that the main thing driving procrastination is not avoiding work. It's avoiding stress. Procrastination is "a subconscious desire to feel good *right now*" so you can feel a little stress relief.

A common mistake we all make is thinking that people make a deliberate choice to procrastinate. In fact, most people who struggle with procrastination tell researchers that they feel like they have no control over it. And they are right, because they don't understand the real reason why we procrastinate.

We procrastinate because we feel stressed out. Here's the catch...you aren't stressed about the work. You are stressed about the bigger stuff: money, relationship problems, or life in general. When you blow off work or studying for 15 minutes of online shopping or watching the highlights of last night's game, you are taking a mini stress-break from the bigger stress you feel overall.

It's like emotional eating for the mind. When you avoid something that feels hard, you get a sense of relief. Plus, when you do something you enjoy, like surfing Facebook or laughing at viral videos, you get a short-term boost of dopamine. The more often that you procrastinate, the more likely you'll repeat the behavior. Here's the problem: While you get a small boost of relief when you watch cat videos, over time the work that you are avoiding builds and that creates more stress in your life.

Scott is an excellent example of this. He wrote to me because he wanted help “getting out of his own head.” He shared that everyone close to him has always said, “I’m the only thing that is holding me back.” And they are right.

Scott is a PhD student performing research in a physiology lab, he is married, and he and his wife just had their first child who is “the most beautiful baby boy.” He described his life like this:

*“Everything at home is incredible despite lots of financial stress* which would be expected considering that I’m in school. My issue is that in my daily life, and branching into school/lab work, I have trouble fulfilling obligations which is starting to become a problem. *Basically I put things off continuously until it reaches the point where I’ve either missed a deadline or it upsets someone.*

*I have very high expectations for myself* and I literally go to sleep every night telling myself that tomorrow is going to be that fresh start that I need and I’m going to tackle everything with tons of energy. But then I fail day after day and that confidence in overcoming this by myself is starting to fade. *Basically I don’t feel like I’m living anywhere near my full potential and it’s frustrating.”*

Reading Scott’s note, you can see that he’s trapped in a vicious cycle of feeling disappointed in himself. I can totally relate because that’s how I felt as I was struggling to get out of bed on time. Scott knows what he needs to do (attack the work and get it done), but he can’t seem to make himself do it.

Scott’s note gives me a chance to explain what’s actually going on when you procrastinate. He told us that he and his wife are under “*a lot of financial stress.*” That financial stress doesn’t feel good. It also explains the reason why he procrastinates to get temporary relief from the money stress. Remember that when we replace difficult tasks with doing something easier, we get a temporary mood boost and a feeling of control.

It seems counterintuitive, but the reason why Scott keeps blowing off the stuff he needs to do at the lab is because he wants relief from the financial stress he feels in his life.

So how on earth does he stop this? Luckily, there's three simple and research-backed steps. And, the #5SecondRule will help you 5- 4- 3- 2- 1 do them. Whether you are avoiding work like Scott, cleaning like Evelyn, or exercising like @JLosso once was, you can use the Rule to beat procrastination every time.



**JLosso**

@melrobbins saw you speak this week at LTEN....5-4-3-2-1....I have worked out every day since...

## **Forgive Yourself**

The first thing research tells us: you need to forgive yourself for procrastinating. Seriously. This isn't Kumbaya—this is science.

Remember our expert from Carleton University? Dr. Pychyl co-authored a paper about how students who forgave themselves for procrastinating were less likely to procrastinate on their next test. Sounds silly, but part of the problem that psychologists have uncovered is that procrastinators are really hard on themselves to begin with.

Trishke found that after she was able to forgive herself, she changed her life.



**Trishke**

The 5 second rule! Go watch  
@melrobbins It will change ur life, u  
won't feel sorry4 urselv  
anymore (like I use 2). Reach ur  
goals, live ur dreams

Instead of beating herself up, she's no longer procrastinating. Amazing!

You may also relate to Ryan, who wrote to me about being in the beginning stages of starting a new business. He said that as much as he wants this venture to work, "it amazes me how hard it is to force myself to spend (time on it) and actually do it due to the fear of failure."

RYAN

Just watched your tedx talk! My impulse was to look you up and make a connection with you, so I done it. I'm in the beginning stages of starting a new product related business and was just searching the Internet for validation that I'm doing the right thing by just going for it. I'm not a wealthy person, so as much as I want it to work, it amazes me how hard it is to force myself to spend and actually do it due to the fear of failure. You talk definitely motivated me and win or lose, atleast I'm doing something! Thanks for doing what you do, we are grateful.

I love what he said at the end: “Win or lose, at least I’m doing something!” It takes a lot of bravery to be able to get honest with yourself and admit how hard it is to focus on what you need to do.

Another perfect example is our PhD student in the lab, Scott. Remember what he wrote? He said he has “very high expectations for myself.” Every time he procrastinates he feels shame and guilt. Those negative feelings then create even more stress for Scott as his “confidence in overcoming this by myself is starting to fade,” which causes him to feel even more stress and procrastinate even more.

So, let's apply this advice to Scott. Step number one, stop the cycle by forgiving yourself. Scott, you've got to take five seconds, 5- 4- 3- 2- 1 forgive yourself for upsetting people, falling behind, and not working to your full potential. If you can recognize that your stress about finances are driving the procrastination at the lab, now you've got a chance to assert yourself and take control. By the way, you want to take control so you can achieve your goals. And that person you hope to become can help you right now.

That leads us to Step 2.

## **What Would the Future You Do?**

---

Allow me to explain. Dr. Pychyl's team has been doing a lot of research on our "present self" versus our "future self." Our "future self" is the person that we want to become. Interestingly, research proves that when you can picture the "Future You," it gives you the objectivity to push yourself in the present moment. In experiments when researchers show people their own pictures digitally aged, they're more likely to save for retirement. I guess that's an explanation for why vision boards work. They help you envision the Future You and that is a great coping mechanism for the stress you experience today as the Present You. So, Scott, create a vision board or a mental image of what your life looks like when all this grad school stress is behind you and you are Professor Scott. The moment you feel yourself procrastinating, just ask yourself, *What would "Professor Scott" do?*

This leads us to Step 3.

## **Get Started with the #5SecondRule**

---

Finally, once you understand the source of procrastination, Dr. Pychyl's favorite advice is, "Just get started." He's not the only one talking about the importance of starting. One of the most powerful ways to create new habits, according to

researchers, is to “create a starting ritual.” There’s no better starting ritual than the #5SecondRule. Now that I understand the science of all this, I can explain why “just get started” works.

- If procrastinating is a habit, you have to replace the bad behavior pattern (avoidance) with a new positive one (getting started).
- The moment you feel yourself hesitate, doing easier tasks, or avoiding hard work, use the Rule, 5- 4- 3- 2- 1 push yourself to start the important thing you need to do.
- Getting started takes us back to our engineer at CISCO and the concept of a “locus of control.” Procrastination makes you feel like you have no control over yourself. When you assert yourself and just get started, you are taking control of the moment and your life.

Daniela feels “empowered” and “capable” when she puts the Rule into practice, showing us that the benefits of beating procrastination expand beyond work and into the more important areas of improving “my relationship with myself.”



**My relationship with myself has improved. I trust myself more. I feel empowered and capable. It has become my mantra. DO SOMETHING NOW.  
(Thanks Mel!)**

As I explain throughout the book, exerting effort with 5- 4- 3- 2- 1 switches the gears in your mind and allows the prefrontal cortex to help you get started. Each time you use the Rule, it'll get easier and easier to stop procrastinating and just start. Just as Sy found out, telling yourself to "just make the call, reply the email, finish the stupid job..." and start is the secret to completing anything important:



Sy

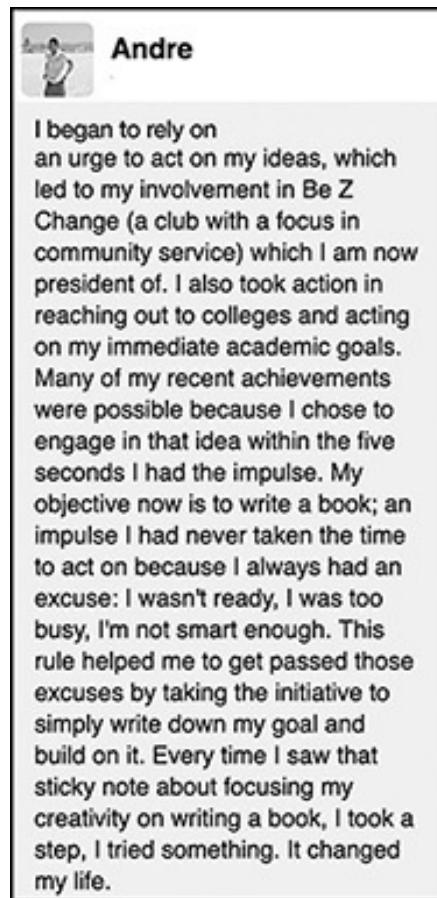
 Dear Mel I am writing to say thank you. It is about your presentation on TEDx talk. I watched it about few months ago. After that, I am keep telling myself "Just make the call, reply the email, finish the stupid job.. I don't like it but it helps me to get what I want." I am glad that I have done a huge project after getting this habit. Thank you so much for that amazing presentation! 😊

Even though she doesn't like doing it, she's formed the habit of taking action anyway—and has completed a huge project with this mindset and will "get what I want."

In Scott's case, back in the lab, he can use the Rule to countdown 5- 4- 3- 2- 1 and push himself to work for a short interval of time. Now that he realizes the source of his procrastination (financial stress), he has forgiven himself (extremely important step). And once he is picturing the future Dr. Scott, he can start counting to assert control, physically move to his desk, and begin working. When he finds

himself getting off track, he can countdown 5- 4- 3- 2- 1 again. The Rule makes it easier to just GET GOING, something that will help Scott gain control of his work and feel better equipped to deal with his other financial stresses head on.

Andre also used the Rule to push past procrastination and act on his goals. Andre is 16 years old, but he's already learning how to beat procrastination and is starting to write a book! He said that he always had excuses: that he wasn't "ready, too busy, not smart enough." The Rule helped him to "get past those excuses" and now he is taking action on his book.



**Andre**

I began to rely on an urge to act on my ideas, which led to my involvement in Be Z Change (a club with a focus in community service) which I am now president of. I also took action in reaching out to colleges and acting on my immediate academic goals. Many of my recent achievements were possible because I chose to engage in that idea within the five seconds I had the impulse. My objective now is to write a book; an impulse I had never taken the time to act on because I always had an excuse: I wasn't ready, I was too busy, I'm not smart enough. This rule helped me to get passed those excuses by taking the initiative to simply write down my goal and build on it. Every time I saw that sticky note about focusing my creativity on writing a book, I took a step, I tried something. It changed my life.

Andre shows us that at any age and with any goal we have the power to own ourselves, look inside, take "a step," try "something," and "change my life." The reason why just starting is so important is because you'll also be tapping into what researchers call "the progress principle," which describes the phenomenon that

forward progress of any kind, including small wins, boosts our mood and increases our happiness and productivity levels.

On top of that, once you start a project, you'll have triggered a mechanism in your brain to cue you to keep at it. As I mentioned earlier researchers have found out that the brain remembers unfinished tasks better than finished ones. Once you start, your mind will keep nudging you to finish.

I also told you that my snooze button habit was a form of procrastination. Now I understand why. It gave me momentary relief from the larger stresses in my life. That's why I hit it. When I reflect back, I see now that I broke the habit by creating a "starting ritual"—the #5SecondRule. My snooze button habit got replaced with a positive new one: counting 5- 4- 3- 2- 1 and then standing up and starting the day. Seven years later, I still count backwards to launch myself out of bed every single morning.

So, in sum, here's how you can most effectively use the #5SecondRule to beat procrastination: use it to make yourself start. Start small. Attack what you are avoiding for just 15 minutes at a time. Then, take a break and watch a few cat videos. And for crying out loud, give yourself a break for blowing things off until now. You're only human.

All of this stuff is common sense. You eat the elephant (in the room) one bite at a time. What we are learning over and over in this book is that unless you beat the feelings that trigger your bad habits, and you push yourself to just get started, you'll never change.

**You'll either find a way or you'll  
find an excuse.**

**PART4**

**COURAGE CHANGES YOUR MIND**

# HOW TO BECOME THE HAPPIEST PERSON YOU KNOW

---

In the next three chapters, you'll learn the step-by-step approach to how you can use the #5SecondRule in combination with some recent research-based strategies to beat fear, stop worrying, manage or cure anxiety, and change the way you think.

If you've seen me on TV as a commentator for CNN or read my columns in *SUCCESS* magazine, it's easy to assume that I was born with the confidence of a warrior. That assumption only gets strengthened when you watch my YouTube videos, my TEDx Talk, or experience me live on stage. Yes, I am confident now, but I was not born this way. For most of my adult life, I was a loud-mouthed extrovert who was plagued by deep insecurity. Confidence is a skill I've built over the years by practicing acts of everyday courage.

What a lot of people don't know about me is that I have suffered from anxiety for more than twenty-five years. I had debilitating post-partum depression when our first daughter Sawyer was born and I couldn't be left alone with her for the first two months. I have taken Zoloft to control my panic attacks for nearly two decades. The struggle with my thoughts has been real and, at times, terrifying.

When I first discovered the Rule, I used it to change my behavior. The Rule worked wonders, and as acting with everyday courage became second nature, my confidence grew stronger. However, anxiety never disappeared. It was there simmering beneath the surface. I focused on learning to live with it, managing it, and making sure I didn't let it boil over into full blown panic.

About four years ago, I started to wonder if I could use the #5SecondRule to change more than my physical behavior. I wondered if I could change my thoughts. I had seen the effects it had on other habits—so why not try to break the mental habit of anxiety, panic, and fear? They are patterns that we repeat after all. They are just habits.

I started using the Rule to change the way that my mind worked. I began by using the Rule to break the habit of worrying. As I mastered that skill, I used the Rule to control my anxiety and beat my fear of flying. It worked.

As I write this sentence, I can tell you—I have cured myself of anxiety. I haven't taken Zoloft in years and am panic attack-free. I no longer have a habit of worrying. And my fear of flying? Gone. Learning to take control of my mind, direct my thoughts, and dismantle fear has been the single greatest thing I have ever done to improve the quality of my life. I almost never feel worried. And the rare times that I do, I just, 5- 4- 3- 2- 1 and direct my mind towards the solutions rather than worrying about the problems. I have transformed my mind using the Rule and I am the happiest and most optimistic that I have ever been. My mind is working for me instead of against me.

Now, it's your turn.

**First**, you'll learn how to break the addiction to worrying and negative self-talk using the #5SecondRule, the science of habits, and the power of gratitude.

**Second**, you'll dive into the subject of anxiety and panic. You'll learn what it is and what it isn't. And I will give you the step-by-step method for how you can interrupt, reframe, and eventually eliminate anxiety from your own life.

**Finally**, you'll learn a proven strategy for how you can beat any fear. Using my fear of flying as an example, you'll learn how to use the Rule with "anchor thoughts" to prevent fear from taking over your mind.

Everything you are about to learn is so simple and powerful that you can even teach it to your kids.

**Life is amazing.**

**And then it's awful.**

**And then it's amazing again.**

**And in between the amazing and the awful,  
it's ordinary and mundane and routine.**

**Breathe in the amazing, hold on through  
the awful, and relax and exhale  
during the ordinary. That's just living.**

**Heartbreaking, soul-healing, amazing,  
awful, ordinary life. And it's  
breathtakingly beautiful.**

**-LR Knost**

## CHAPTER TWELVE

# STOP WORRYING

---

**“THINK OF THE BEAUTY STILL LEFT AROUND YOU AND BE HAPPY.”**

**ANNE FRANK**

More than any other change, ending your habit of worrying will create the single biggest positive impact in your life. Believe it or not, you were taught how to worry. As a kid, you heard your parents worrying constantly “Be careful,” “Wear a hat or you’ll catch a cold,” and “Don’t sit so close to the TV.” As adults, we spend way too much time and energy worrying about things that we can’t control or that could go wrong. When you get to be near the end of your life, you’ll wish you hadn’t.

Dr. Karl Pillemer is a professor of Human Development at Cornell University and is the founder of the Legacy Project. He has met with 1,200 senior citizens to discuss the meaning of life. He was “shocked” to learn that most people near the end of their lives had the same regret: I wish I hadn’t spent so much of my lifetime worrying. Their advice was “devastatingly simple and direct: worry is an enormous waste of your precious and limited lifetime.”

You can stop worrying. And the #5SecondRule will teach you how. Worrying is a default setting that your mind goes to when you aren't paying attention. The key is catching yourself when you drift into worry, and then regaining mental control by using the Rule. Here's an example.

My husband recently got his motorcycle license and just bought a small, used motorcycle. Yesterday, I was sitting inside the house and noticed him on the bike pulling out of the driveway. As he drove down the road, I noticed that my mind immediately started to drift toward worry.

I started worrying about whether or not he would get hit by a car, become a statistic, and if I would soon get a call from the police telling me that he's been in an accident. The worry hijacked me within five seconds. That fast. And you know what? My worrying about it won't keep him safe and it won't prevent an accident. As one 83-year-old in the study said, my worrying "won't solve anything." It will just put me on edge for the entire time Chris is out riding his motorcycle—which robs me of enjoying the present moment.

As soon as I catch myself worrying, I use the Rule, 5- 4- 3- 2- 1 and I think of something more positive—like the thought of him smiling as he drives down the road.

The funny thing is that Chris is also a huge cyclist. He competes in triathlons and is out on the road taking 40 to 50 mile training rides by himself all the time. I never worry about that. But here I am worrying about the motorcycle he is driving down our road at 10 miles per hour. Could something go wrong? Of course it could. But it usually doesn't.

When you start to use the Rule to end worrying, you'll be amazed by how often your mind just drifts to something negative. Mine does it every day. It really sucks. And each day, I fight against it. There are some days that I have to use the Rule a

dozen or more times to control my thoughts. Just the other day I caught myself drifting into worry over and over again.

Our daughters were returning home from a service trip in Peru and throughout the day, I caught my mind drifting to thoughts of plane crashes, missed flights, falling off a cliff in the Andes, bus accidents, lost bags, and the girls being stranded at the airport. The girls were fine, and without the Rule I would have ruined my day. Each time I caught my mind drifting to a bad thought, I would say to myself “oh no you don’t...” and just point it to a thought that made me smile—like the girls talking a million miles an hour that night in the kitchen as they told us about the trip.

## **Feelings of Love Often Trigger Worry**

Another thing that has surprised me about worry is just how subtle it is and how fast it can seize control of you. I’ve been surprised by how often I start to worry the moment that I feel happiness or love.

This spring, it happened to me as I was looking at our 17-year-old daughter. I had this incredible moment when my heart just suddenly swelled up and I felt a tidal wave of love wash over me. And then, without warning, all these worries flooded into my mind and stole the moment. All I felt was fear.

We were at the mall. Sawyer was trying on dresses for her high school prom. It had been a long afternoon. We were on our third dress store, and she had easily tried on more than 40 dresses—and she hated every last one of them. Telling her she looked amazing only made her mood worse.

I was in the dressing room with her, putting the rejects back on the hangers and handing her the next gown to try on. I started panicking that we’d never find one that she liked. I handed her another one to try on and said, “Let’s just bang through

these next three and then get out of here.” I stepped out of the dressing room to give her some space and called Chris.

Suddenly she called out to me, “Mom. Can you come in here?”

I tried to read her voice but couldn’t tell if she was crying, frustrated, needing help with a stuck zipper, or something else. I cracked open the door. She had on a floor length gown and I could see her reflection in the mirror and she looked, in a word, stunning. It was perfect. The dress was peach and had beautiful flowy side panels that were pink. It was everything she had wanted—no sparkles, no lace, an open back, and a bright color. Our eyes caught in the mirror.

“What do you think, Mom?”

I could feel the tears coming. When she was an infant, I remember experiencing that same tidal wave of emotion that can wash over you when you love someone so much. In the middle of the night, I’d wake up to go check in on her, and there standing alone in her nursery, watching her sleep on her back with her arms raised up above her head, I’d get hit with this tidal wave of love—and just marvel at my ability to love something so much. It felt like my heart might burst.

That’s what I felt standing outside the dressing room in the mall. I just felt love. And then, the worries rushed in and stole the moment from me. Without warning, I was thinking about her heading off to college, getting married, being a new mom, living far away from me, time passing, getting older, and my life being over. My life flashed before me. Time was racing by and for a fleeting moment, I felt I was losing her. I felt overwhelmed with sadness and loss and my eyes swelled with tears.

Sawyer saw me getting emotional, and thought it was because of the dress. “Ah, Mom. Don’t cry. You’ll make me cry.” But I was crying because of how scared I was to see her grow up. I was crying because time was passing too fast and I wanted life to slow down. Worry robbed me of all the joy in that moment. It took me away

from Sawyer and into a dark place in my head. Instead of just being present and in awe of my beautiful daughter, I felt afraid.

That's how worries and fear hijack your mind and rob you of the magic and wonder in your life. Brené Brown observed this exact phenomenon in her research for her best-seller *Daring Greatly*. She found that feeling a worst-case scenario in moments of joy (such as not being able to enjoy a hug with your child without worrying about something bad happening to him) is an amazingly common phenomenon. And why is it so hard for us to soften into joy? "Because we're trying to beat vulnerability to the punch," says Dr. Brown.

When your mind takes you somewhere sad, dark, doubtful, or negative, you don't have to go with it. I love what Hein wrote to me: "99.999% of the time, it has always been a fake reality that I had created in my head."

Since I saw your first show on Ted, I've come to realize how big an enemy my bad inner voice has been to not only my self confidence, but more so my ability to move forward and grow my self identity. Every decision and turn has been shaded by self doubt and concerns for what others would think. 99.999% of the time, it has always been a fake reality that I had created in my head. My biggest challenge has, and always will be, to stop worrying what others think of me. It makes no difference. Cheers! Thanks for your great motivations!



When you find your inner voice becoming an "enemy," as Hein and I have experienced, it's important to "stop worrying" and recognize that in those 5 seconds, you can reclaim control.

I started to silently counting to myself, “5- 4- 3-...” and as I counted, I could feel the fear lowering inside by body. Counting yanked me out of my head and planted me in the present moment. It switched gears from worry to focus. I was not going to let my brain rob me of this experience with my daughter. I was not going to allow the habit of worrying to derail me from being in the present and taking a mental photograph.

Then I asked myself two simple questions: *“What am I grateful for in this moment? What do I want to remember?”* When you ask that simple question, you impact your brain at a biological level. In order to respond you have to take stock of your life, relationships, and work and search for an answer in the moment.

It forces you to focus on the positive aspects of your life. As soon as you think about what you are grateful for, you’ll start feeling grateful instead of worried. The answer to the question was clear to me. I was grateful to have such an incredible young woman as my daughter. And after three hours of drama, I was also grateful she found a dress.

Katie is also using the Rule to reflect on what she is grateful for and to control her worries:

I saw you in California at the kyani convention. I almost didn't go on that trip. I was riddled with anxiety and guilt leaving my five year old daughter. I'm also going through a divorce. But I went..and I met you. And your a huge inspiration to me. And I used the five second rule before I even knew there was one by pushing myself to go. I cried everyday while I was away.

I'm still using it daily in my life to workout..to not be sad..to be more grateful and no to hold off on my divorce..because we just aren't sure and that's ok. I'm learning that nothing is perfect in life. So thank you.

Katie

“Nothing” in life is perfect. Nothing at all. But you can use 5- 4- 3- 2- 1 to quiet the mental chatter and learn to appreciate all of the small moments like feeling grateful for your daughter.

Feeling grateful doesn't just feel good. According to neuroscientist Alex Korb, it changes your brain chemistry by activating the brainstem region that produces

dopamine. With my worries gone, I took a deep breath and stepped into the dressing room to move closer to her and put my hand on her shoulder. Our eyes met in the mirror.

“Well? What do you think, Mom?”

“I think Luke is going to have a heart attack. You look absolutely gorgeous.”

**It's okay to be scared. Being scared means you're about to do something really, really brave.**

# CHAPTER THIRTEEN

## END ANXIETY

---

**“RULE YOUR MIND, OR IT WILL RULE YOU.”**

**HORACE**

Anxiety is what happens when your habit of worrying spirals out of control. As a lifelong anxiety sufferer, I know all too well the grip it can hold on you and how scary it can feel. I also know how to beat it. Using the #5SecondRule in combination with a strategy called “reframing” is the answer.

The key to beating anxiety is understanding it. If you can catch it right as it kicks in and reframe it, you’ll stabilize your thoughts before your mind escalates it into full blown panic. And over time, as you use the #5SecondRule over and over, your anxiety will weaken and become what it started—out as simple worries. As you just learned, the habit of worry is easy to break.

I think I was born anxious. As a child, my parents said I had a “nervous stomach” and I worried about everything. I was that kid at camp who was so homesick she had to go home early. As a college student, my face would turn as red as a tomato when I got called on. I relied on liquid courage to talk to hot guys at parties because without alcohol I’d get stress hives on my neck.

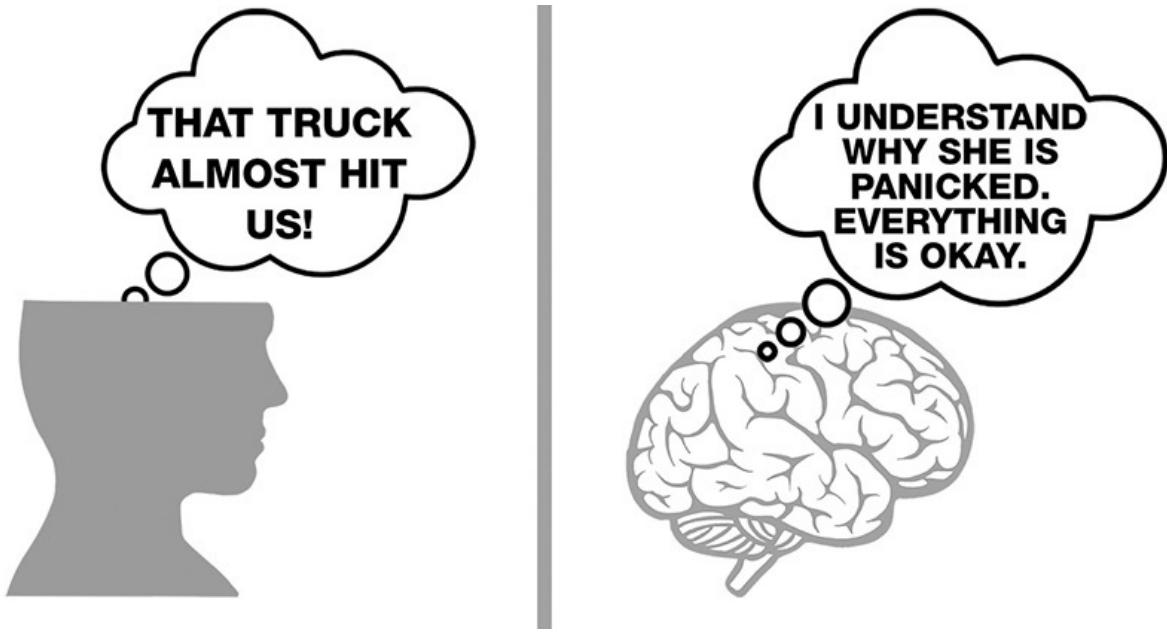
The panic attacks started in my early twenties, when I began law school. A panic attack feels like you're about to have a heart attack and can happen for two reasons: one, because you have something scary to do (public speaking, facing an ex, getting on airplane), or two, for no reason at all.

If you've never had a panic attack, here's the best way to describe them: it's when your mind and body have a "near miss" experience that's totally out of context. Allow me to explain using a really simple analogy.

## **Normal Panic vs. Panic Attacks**

There will be tons of times in your life when you will panic and it will be completely normal. Let's say you are driving a car and are about to change lanes on the highway. Suddenly, out of nowhere, a car races by you and cuts you off, you swerve to get out of the way but they nearly miss you. When a "near miss" happens on the highway you feel a surge of adrenaline race through your body. Your heart races. Your breath speeds up. Your cortisol surges. Your body goes into a state of hyper-alertness so you can take control of the car. You might even get a little sweaty.

As soon as your body freaks out, it triggers your mind to find a reason why your body is so agitated. In this example on the highway, your brain knows you almost got in a car crash and that's why your body freaked out.

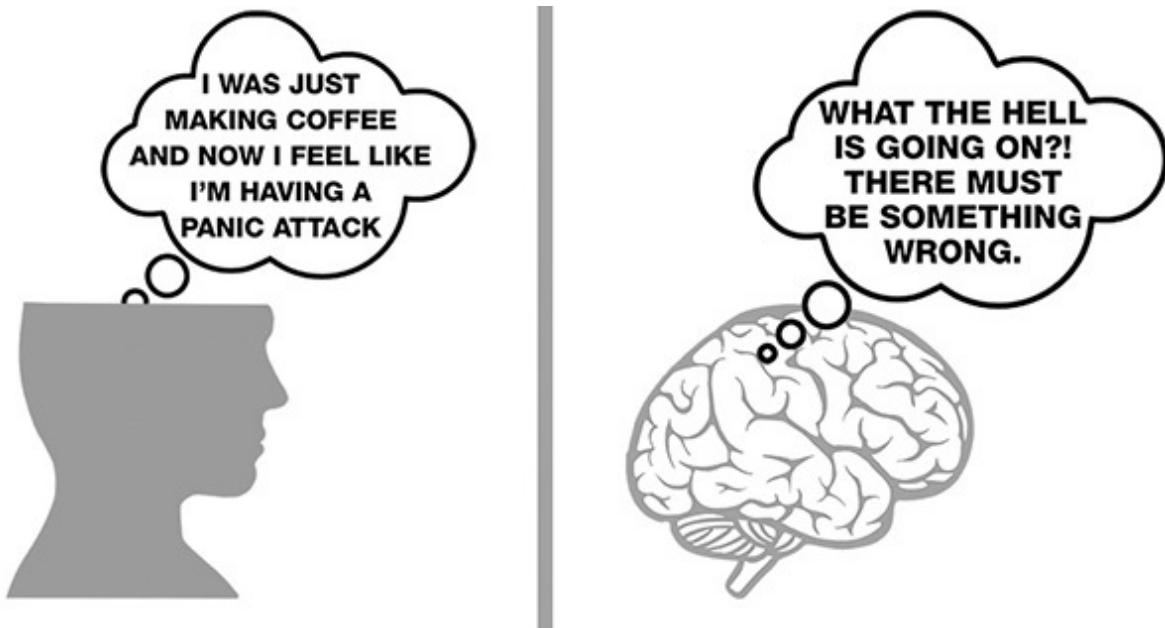


When your mind has an explanation for why your body just freaked out, it won't escalate the anxiety. Your mind will allow your body to calm down because it knows the "danger" has passed. Your life will go back to normal, and you'll be a little more cautious when you change lanes next time.

When you have a panic attack, that same "near miss" sensation rushes your mind and body, without any warning and with no preceding event. You'll be standing in your kitchen, pouring a cup of coffee and out of nowhere you have a sudden surge of adrenaline race through your body just like what happened when that car nearly missed you on the highway.

Your heart races. Your breath speeds up. You might get a little sweaty. Your cortisol surges. Your body goes into a state of hyper awareness. Now that your body is in an aroused state, your mind is going to race to try understand why. If you don't have a legitimate reason why, your mind will think you must be in actual danger. Your mind will go prehistoric on you and escalate the fear, thinking that danger is imminent.

As your heart starts to race, your mind races for an explanation so it can make sense of what's happening to your body and decide how to protect you. *Maybe I'm having a heart attack. Maybe I don't want to get married next month, after all. Maybe I'm getting fired...maybe I'm dying.*



If your mind can't find a suitable explanation, your brain will make the anxiety worse so that you will want to physically run away from the situation and leave the room. If you've ever seen someone have a panic attack, they freak out, dart around, have scattered thoughts, a "deer in the headlights" look, and suddenly "have to leave the room." It's a vicious cycle and one I was trapped in for years.

For a long time, I understood neither the difference between normal panic and panic attacks, nor the role that my mind was playing in escalating my anxiety. I went to therapists and tried all kinds of cognitive techniques to try to stop myself from panicking. It got so bad that I became afraid of the panic attacks themselves, and that fear, of course, just made me have more panic attacks.

Finally, I just medicated myself with Zoloft (a miracle drug). Zoloft worked wonders for me—for almost two decades. And if you are in a hole you can't climb

out of, get professional help (and possibly drugs). While not a substitute for therapy, they can be life changing.

I assumed that I would just take Zoloft for the rest of my life. And then we had kids and all three of them started to struggle with their own form of anxiety. It was beyond mere worrying. The anxiety was impacting their lives—they stopped doing sleepovers, slept on the floor of our bedroom, and were worried about everything. Oakley called his panicky state “Oliver” and our daughter Sawyer called her anxiety a “What-if Loop.” She once turned to me and said:

*“It’s like there’s this ‘What-if Loop’ in my head and once I start thinking about all the ‘What-ifs’ I get stuck thinking about all the ‘What-ifs’ and I can’t get out of it because there are always ‘What-ifs.’”*

I knew how scary it was to suffer from it, and it was downright heartbreakingly to see our kids struggling and afraid. It was very eye-opening and frustrating trying to help them deal with their anxiety because nothing worked. We went to specialists and tried all kinds of techniques. We set up games with prizes for them to “face their fears.” It just seemed to get worse.

I came off Zoloft so I could face my own anxiety head on without the help of drugs. I wanted to understand it better and figure out how to beat it—so I could help my kids figure out ways to beat theirs. Here’s what I learned.

## **Trying To Calm Down Does Not Work**

I’ve spent countless hours with therapists who have told me and the kids to just “change the channel” and think about something else. That works if you are merely worried, but on its own, that strategy doesn’t work for full-blown anxiety. And there’s a reason. When you feel anxious, you are in a state of physical agitation. When you tell a person to calm down, you are asking someone to go from 60 mph

to 0 mph. It's like trying to stop a freight train by throwing a boulder in front of it; it'll jump the tracks.

A study in the journal *Behavior Research and Therapy* showed that people who *naturally try to suppress their unwanted thoughts* end up being more distressed by said thoughts. That's right, when you try to tell yourself to just calm down, you make the anxiety worse because you are fighting against it! When you understand how panic works, what it is, and the role your brain has in making it worse, you can beat it.

There are two strategies that work incredibly well together: Using the #5SecondRule to assert control over your mind and then reframing the anxiety as excitement so that your brain doesn't escalate it and your body can calm down. Here's how you do it.

## **Excitement and Anxiety Feel the Same In Your Body**

I first used this “reframing strategy” as a public speaker. I get a lot of questions about public speaking and specifically how did I get over my fears and nerves about public speaking. My answer always surprises people: I have never gotten over my fears and nerves; I just use them to my advantage.

I speak for a living. A lot. In 2016, I was named the most-booked female speaker in America—98 keynotes in one year. Amazing. Do I get nervous? Absolutely. Every single time. But here's the trick: I don't call it “nerves.” I call it “excitement” because physiologically anxiety and excitement are the exact same thing. Let me say that again. Fear and excitement are the exact same thing in your body. The only difference between excitement and anxiety is what your mind calls it. Like the “near miss” example. If your brain has a good explanation for why your body is freaking out, it won't escalate things.

The first time I ever really gave a legitimate speech was that TEDx Talk in San Francisco. I remember standing backstage listening to one PhD after another PhD give their talks, thinking to myself, “This is the dumbest thing I’ve ever gotten myself into. I am going to sound like a complete moron compared to these smart people.”

My palms were sweaty. My heart was racing. My face was hot. My armpits were dripping like Niagara Falls. My body was preparing for ACTION! It was getting ready to do something. But I told myself that I was nervous. I labeled all those sensations as a sign that something bad was about to happen and the nerves got worse.

Want to know something wild? Six years and hundreds of speeches later...I still feel the EXACT same things in my body back stage. My palms sweat. My heart races. My face gets hot. My arm pits start dripping. Physiologically, I’m in a state of arousal. I’m about to go into ACTION and my body is getting ready. I feel the exact same thing as fear, I just channel it in a positive direction.

The more speeches I give, the more comfortable and confident I became about what I was saying, but as I gained confidence in my ability I noticed that the feelings in my body didn’t disappear. That’s when it dawned on me that maybe this was just my body’s way to get ready to do something cool. So, I started telling myself that I was getting excited; instead of calling it nervousness.

## **Say You’re Excited**

I never knew my “trick” had some serious science behind it. It’s called “anxiety reappraisal.” Reframing your anxiety as excitement really works. It is as simple as it is powerful. Harvard Business School professor Alison Wood Brooks has conducted study after study to prove that it not only works to lower anxiety—it actually makes you perform better in math tests, speaking, and so forth!

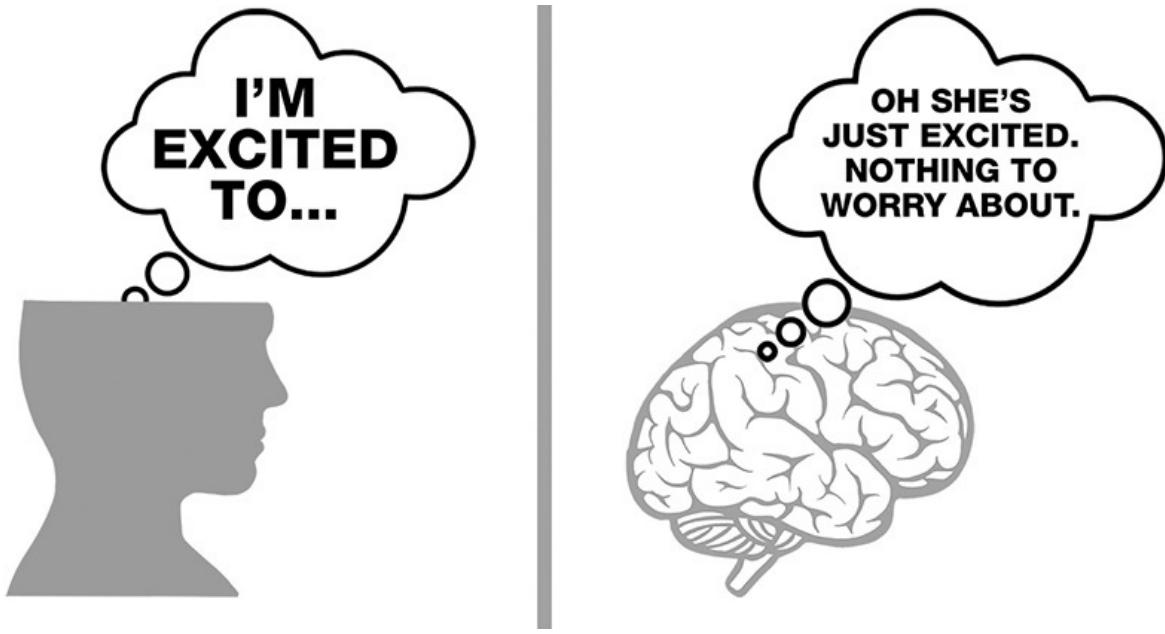
In a nutshell, since anxiety is a state of arousal, it's much easier to convince your brain that all those nervous *feelings* are just excitement rather than to try to calm yourself down. When using this technique in experiments ranging from singing karaoke to giving a speech on camera to taking a math test, participants who said "I'm excited" did better in every single challenge than those participants who said "I'm anxious." Reframing your nervous into enthusiasm works, just as Suzi did. She used the #5SecondRule to 5- 4- 3- 2- 1 and kept "that feeling" in her stomach from stopping her:



**Suzi Helmlinger** My husband and I are planning to get out of our comfort spot in a big way. He is going to retire soon and we are looking into moving across country to the East Coast. Every time I get "that feeling" in my stomach (you know the one, fear of change), I remember the 5 second rule and make a list of stuff I have to do and check them off one by one. It's taking us a little closer to our dream. Thank you for your inspiration.

[Like](#) · [Reply](#) · [Message](#)

Now, here's the catch about telling yourself "*I'm excited*"—it doesn't actually lower the feelings surging through your body. It just gives your mind an explanation that empowers you. That way the nervous feelings do not escalate. You stay in control and the agitation in your body will start to calm down as you begin to move.



The next time you have a panic attack while making coffee, experience stage fright, have pre-game jitters, or are worrying about a big exam or a job interview, use the #5SecondRule and this new research to beat your anxiety.

As soon as you feel the anxiety take over your body, take control of your mind, 5- 4- 3- 2- 1 just start telling yourself “I’m so excited” and push yourself to move forward.

This is what J. Greg did when he reframed his feelings in order to beat anxiety:



## J. Greg Morrison

[View Profile](#)

I have reframed this hesitation as an opportunity to get going on my work in those 5 seconds even though i don't feel like it. I have allowed this 'not feeling like it' to become a full blown anxiety disorder and I truly think that your talks have helped me find a way to get unstuck. Finally!!! So, thank you for helping me to reframe these feelings of never feeling like it as 'normal" rather than 'neurotic'.



The physical impact (the push) is critical and it begins with counting. Exerting yourself allows your prefrontal cortex to take control and focus you on a positive explanation. When you first start using this strategy you might have to repeat it 27 times in one hour. The first time our 11-year-old used it to beat his anxiety about sleeping over at a friend's house, he said "I'm excited to sleep over" over and over for the entire six-mile drive ... bless his little heart.

When I pulled into Quinn's driveway, I put the car in park and said, "How are you doing?" He responded, "My heart is still racing and my stomach feels funny, but I'm excited to sleep over." That was six months ago. His anxiety about sleepovers is gone. He's now actually excited. And that's the power of this tool: It truly works.

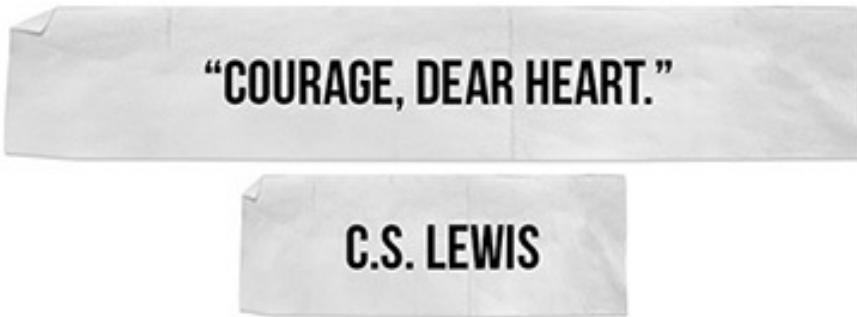
**“You are braver than you  
believe, stronger than you seem,  
and smarter than you think.”**

**-AA Milne**

## CHAPTER FOURTEEN

# BEAT FEAR

---



**“COURAGE, DEAR HEART.”**

**C.S. LEWIS**

Fear will make you do nutty things. One of my greatest fears in life used to be dying in a fiery plane crash. When I had to get on a plane, I used to be a complete weirdo. I had all these superstitions about flying. First, I would scan the boarding area looking for women with small babies, men or women in uniform, priests, nuns, wheelchairs, off-duty pilots catching a ride home, or just generally kind-looking people. Then, I would tell myself that God wouldn't let the plane go down with these nice folks onboard. That would assuage me until I got on the plane. Then every bump or sound the plane made on the taxi out to the runway made my heart race and chest tighten.

Take off was the worst. By the time the wheels left the tarmac, I was usually in a full state of panic. I'd close my eyes and visualize an explosion, terrorists, my row getting sucked out of the plane, or the plane just dropping from the sky. I'd squeeze the arm rest and could barely breathe. If the captain spoke to us over the loudspeaker my fear index would cut in half. I didn't relax until the seat belt lights

turned off, which was my sign that the pilots believed it was safe to move about the cabin. In my mind, this meant that the immediate threat of death by plane crash was over.

I cured myself of my fear of flying, using the #5SecondRule and a specific form of anxiety reappraisal that I call “anchor thoughts.” And you can use the Rule the exact same way with any fear. Zahara did so with her fear of flying “and it worked!”



**Zahara Khan** P.S. I could so relate to your anxieties about flying that you shared at #pmilim in San Diego! Thought I was the only one who dreaded about their seat being blown in an airplane accident 😬 Stopped watching 'Air crash investigation' and 'Seconds before disaster' for this reason. My friend's advice in 2011 and your 5 second rules helped 🙌

Unlike · Reply · Message · 2

**Rizwan Massani** Are you flying again?  
Like · Reply · Message

**Zahara Khan** Already did. Tried 5 secs rule this time and it worked 🙌  
Like · Reply · Message · 1

Here’s how I did it. It’s the same technique that I spoke about to Zahara.

## Create an Anchor Thought

First, before any trip, I come up with my “anchor thought.” This is a thought that is relevant to the trip that I am taking and will anchor me if fear sets in. I start by thinking about the trip, where I am flying to, and what I am excited to do once I get there.

If I am heading to see friends in Driggs, Idaho, my anchor thought might be climbing Table Top mountain. If I’m traveling home to Michigan, I might think about the moment we pull into the driveway of my parents’ house and my kids run out of the car to hug my folks or of taking a nice walk along Lake Michigan with

my mom. If I'm heading to a meeting in Chicago, I'll think about getting a delicious dinner with a client. Once I have a specific image in mind, the rest is very easy.

This use of the #5SecondRule is a form of what researchers call "If, Then" planning. It's a way to keep yourself in control by creating a backup plan in advance. Plan A is not to get nervous.

But **i** I do get on the plane and start to feel nervous, **the** I have my Plan B: I'll use the #5SecondRule and my anchor thought to beat my fear of flying. Studies show that this kind of If-Then planning can boost your success rates by almost 3 times.

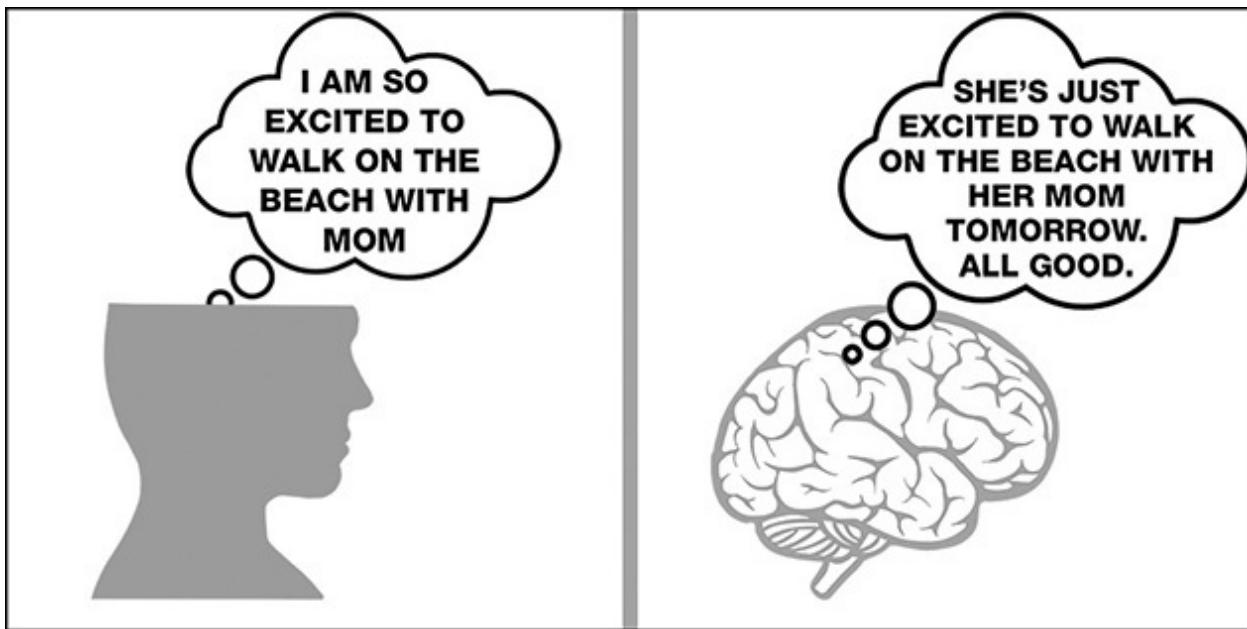
## **On the Plane**

The moment I notice something that makes me nervous, whether that be an alarming sound, turbulence, a climb that seems to be taking too long, weather that looks ominous, or a bad vibe from a passenger next to me, my fears can be easily triggered because my pattern of thinking is so ingrained. When this happens, I start to count 5- 4- 3- 2- 1 to flush the fear out of my head, activate my prefrontal cortex and pull myself into the present moment.

Then, I force myself to anchor on the specific images of where I am flying to and I think to myself about how excited I am to walk on the beach with my mom, have dinner with a client in Chicago, or climb Table Top Mountain with my buddies.

These anchoring images are powerful reminders of a simple truth...if I am sitting in a restaurant in Chicago having dinner with my clients tonight, or walking the beach in Michigan tomorrow morning with my mom, or arriving home in time to make the girls' lacrosse game, obviously the plane didn't crash and I have nothing to worry about. Most important, I give my mind the context it is looking for—so

that it doesn't escalate the fear. As I think about the anchor thought, my body calms down.



By using this technique over and over again, I cured my fear of flying. And by using, I mean using it over and over. It will get easier and easier until suddenly, you won't be afraid anymore. You'll have trained your mind to default to the positive: excitement about what you are about to do instead of the fear. Dana was able to use this technique successfully and she's never "been so calm when flying."



**Dana Siemsen Smith** I loved watching you at the Kyäni convention! I used your 5-4-3-2-1 method on the plane yesterday and it worked! I don't think I've ever been so calm when flying!! Thank you!! Your words were inspirational and uplifting!!!!

And Fran put it to use on the flight home immediately after learning the technique at a conference in Dallas and it made "a world of difference."



Fran

Hi! Thank you! I do have a story.

I've always hated flying and avoid it. Nerium Get Real was in Dallas, and since we live in MD, we had to fly. I was on the verge of a panic attack the entire flight! I was so upset that I got in other people's nerves. lol. Fast forward to you speaking at get real. OMG! It made a world of difference flying home. Every time I felt the panic I used your 5 second rule and halfway through the flight, I was looking out the window and taking pictures! I can't believe how much I was missing by being afraid!

That was proof enough for me, and it's worked in other areas as well.

I love what Fran said at the end of her note: "I can't believe how much I was missing by being afraid!" She's right and it's heartbreaking. I realized the same thing—I was robbing myself of joy, opportunity, and magic every single day because I was living with fear. It doesn't have to be that way. In five seconds flat, you can take control. You can beat fear.

Today, I am never nervous or afraid when I board a plane. Occasionally, if we hit rough turbulence, I'll break out the Rule so that I don't drive my fingernails into the arm of the person sitting next to me.

However, I still use this technique when I face other fears. Before a negotiation or a difficult conversation, for example, I'll create an anchor thought of the conversation or the negotiation going really well. Specifically, I might picture someone hugging me or thanking me for "having the conversation" or toasting the deal with my business partner at our favorite bar.

That thought keeps me grounded, present, and powerful. When you enter a conversation managing a fear, you can't be your best because part of your mind is busy trying to manage that fear in real time. When you have an anchor thought, it allows you to disappear the fear the moment that you notice your mind drift to it.

Remember, even though your fears and your habits can hijack you in five seconds, you can take back control just as quickly and "continue to do so" forever.



**Claudia Granados** Thank you, you have helped so many of us face our fears!!!

I've already used the 5-4-3-2-1 method, and will continue to do so! Forever grateful!!!

**Master your mind and anything  
is possible.**

**PART5**

**COURAGE CHANGES EVERYTHING**

# HOW TO BECOME THE MOST FULFILLED PERSON YOU KNOW

---

We're nearing the end of the book. You've learned the story of the Rule, you understand the concept of everyday courage, and you've covered the more tactical uses of the #5SecondRule to change behavior and change your mind. You're now ready to dive into the deeper and more soulful topics that impact your connection to yourself.

**First**, you'll explore confidence and how you can build it using acts of everyday courage. You'll learn about the surprising connection between confidence and personality. You'll meet people who have had great success building their confidence and you'll read some deeply honest social media posts about how to reconnect with the most important person in your life—yourself.

**Second**, you'll learn how everyday courage helps you discover your passion. You'll meet men and women who are using the #5SecondRule to win the battle with fear and find the courage to pursue what's in their hearts. Their examples will inspire you to do the same.

**Third**, you'll explore what creates deep and meaningful connections in relationships and why courage is such a critical component. The amazing stories in this section will inspire you to make the most of the time you have with the people you love and give you one simple thing that you can do at any moment and at any time to deepen your relationships.

Bring tissues.

This is my favorite section of the book. If you can enrich your self-confidence, passion, and connection with people, your life will transform in ways that you thought you could only dream of.

**There will always be someone  
who can't see your worth.  
Don't let it be you.**

## CHAPTER FIFTEEN

# BUILDING REAL CONFIDENCE

---

**“THE CAVE YOU FEAR TO ENTER HOLDS**

**THE TREASURE YOU SEEK.”**

**JOSEPH CAMPBELL**

A big mistake people make is thinking that confidence is a matter of personality. Confidence just means that you believe in yourself, your ideas, and your capabilities. Anyone can learn how to become more confident. It's not a personality trait. It's a skill.

You may have an extroverted personality and talk a lot, but that doesn't mean you are confident. The most vocal person in the room might be really insecure and only says what he thinks will make him look good. Look no further than me. For a long time, I was loud and bossy, but I felt insecure in myself, my ideas, and my abilities.

The quietest people you know might actually be the most confident. Your best friend who's an introvert might believe in her ideas with great confidence (and get

annoyed when you don't ask her about them), but she's afraid of speaking up because her face turns red. She isn't lacking confidence in her ideas; she just needs a little courage to push through her fear of being judged for having rosy cheeks.

I had an experience that illustrates the connection between confidence, courage, and personality. It also will show you once again the authentic pride you feel when you 5- 4- 3- 2- 1 to push yourself outside your comfort zone.

Recently, I had a chance to speak at Cisco Systems, the largest networking technology and services company in the world. A few months later I was invited back to give a similar talk, this time to a senior engineering group.

When I arrived for that second talk, a man came up to me as I was setting up with the AV team. He was so excited to see me and greeted me with the warm embrace of an old friend. Being from the Midwest, I love nothing more than a good hug. He could hardly contain his excitement, and said that he "had something so exciting to tell me about the Rule."

He had seen me speak at Cisco Live several months back. During that speech, as I often do, I gave the audience a homework assignment using the #5SecondRule:

*Introduce yourself to three strangers today, using the 5 Second Rule.*

Then, I explained how I wanted them to do this assignment:

*Pay attention to your instincts and the moment that you feel "drawn" toward someone. That's the "push moment." Grab it. Start counting 5- 4- 3- 2- 1 and start walking toward the person within five seconds before your mind talks you out of it.*

Next, I explained to the audience what they can expect when they try this simple homework assignment. The moment that they see someone they'd like to meet their minds will fill up with a million excuses for why they shouldn't walk over and introduce themselves:

*Oh...wait. They're talking to other people and I don't want to be rude; she looks busy so I'll catch her later; he's looking at his phone so I don't want to interrupt; there's not a lot of time so I'll do it at the next break.*

And all of those things you think—they aren't true. Instead, it's your brain trying to derail you.

After my new engineer friend recapped my own assignment, he then described what had happened to him. After my speech, at Cisco Live, he was out in the hallway and he had a “push moment.” John Chambers, Cisco’s CEO, walked by with a group of senior leaders. Now, you must understand, John Chambers is a legend at Cisco and from all accounts, he’s a really great guy. Chambers was the CEO for twenty years and the very next day, it was going to be announced that he would be stepping down as CEO and that Chuck Robbins would be taking over.

So, my new friend the engineer was standing in the hallway fresh from learning the #5SecondRule. He saw Chambers and his instincts fired up. He immediately had the urge to introduce himself and thank Chambers for inspiring him, along with letting him know the pride that he felt being an engineer at Cisco. He told me that he knew he should do it and he tried to push himself, but he froze.

He explained that he felt paralyzed, adding that he is an “introvert” and “this sort of thing” doesn’t come naturally to him. The moment passed. His hero disappeared down the hall and he spent the remainder of the day beating himself up for not taking “his shot to meet him.” But luckily, that’s not the end of his story.

The next morning, my new friend was jogging next to the San Diego Bay in Embarcadero Park in downtown San Diego. This beautiful bike path along the Marina was (as usual) filled with runners, cyclists, and walkers. He had his earphones in and was listening to music, taking it all in. And all of a sudden, who do you think was ahead of him on the path? That’s right, John Chambers.

Chambers was alone, he had his headphones on, and he's jogging too. My friend told me that he knew this was it. Now or never. He said, "*I was immediately concerned that I would be interrupting his time to himself and that it would be rude, but I caught myself hesitating and started counting down 5- 4- 3-...*"

He sped up to catch Chambers, tapped him on the shoulder, apologized for interrupting, and then explained how he had always wanted to personally thank him for the incredible career he has had at Cisco. The two men stopped jogging and started to walk through the Embarcadero together.

According to my friend, Chambers was delightful and engaging. They discussed all kinds of topics: work, life, and even an idea that my friend had related to a project he was working on. At the end of the talk, Chambers shook his hand, thanked him for introducing himself, and gave the engineer the name of a senior person in the organization in charge of innovation. "Use my name and tell him we spoke and that I wanted you to share your idea with him," Chambers said.

My new friend was beaming bright enough to light up the room as he told me the story. "It was the highlight of my career, Mel. And if it hadn't been for the #5SecondRule, it never would have happened. I cannot thank you enough."

And then he added, "Oh, my gosh, I almost forgot; I'm now interviewing for a job with the man Chambers introduced me to!"

Did he get the job?

I honestly have no idea. A new job isn't the point of the story. This is a story about acts of everyday courage and how they build confidence. This singular experience has the potential to change more than a job. If he continues to use the Rule to listen to and follow his instincts, it could very well change the trajectory of what's possible for his life.

His exuberance was not necessarily about meeting the CEO, although that's cool, but more about how darn good it feels when you honor your own desires and take control of your life.

Remember, confidence in yourself is built through acts of everyday courage. That's what he was experiencing; the radiance of knowing that he could count on himself. The more that my engineer friend practices acts of everyday courage, the more confident he'll become in himself.

Remember, confidence is created by the small things you do every single day that build trust in yourself.

I received a message from a man named Bill that will help me illustrate this point about learning to trust yourself. Bill described a struggle that so many of us face with a level of bravery that is inspiring.

## **"I Have An Issue Being the Real Me."**

Bill's life on the outside sounds remarkable. He's married, has four great kids, a very successful career, and is the president of a professional association. "Great life, huh?" Sure sounds like it. But there's something missing. And it's a meaningful connection with himself.

Bill is courageous enough to admit that he's "not living with conviction" and that (like so many of us) he has developed a habit of "hesitating, overthinking, then never doing or saying what I should be doing or saying." Bill feels as though he's "lost somehow the ability to make a real connection with people."

He's forgetting the most important person he's lost connection with—himself. When you lose touch with the real you, you will feel adrift, you'll lose confidence and your life will lose its "flavor of congruency."



Bill

Thanks and kudos to you for having the guts to tell it like you see it. I am 53, a father of 4, with 3 grown up daughters and now a five year old kinder boy with my second wife. I am a Sr. Project Manager for my company as well as the manager of our Construction department. I also volunteer with the local PMI chapter, just getting into my President's terms. So, great life huh? Except I have an issue being the real me. I have lost somehow the ability to make a real connection with people. Things are not very exciting in the bedroom. I struggle with knowing what I really want. And I have a habit of hesitating, overthinking, then never doing or saying what I should be doing or saying. Nothing earth shattering, but just not living with conviction. My life just doesn't have that flavor of congruency. So, the five second rule come into my life the last Saturday at PMI NA LIM.



You can get it back with the #5SecondRule. Bill started using it to work on his relationship with himself. To go deep and “little by little” start walking the “journey of a thousand steps,” pushing himself to do the small things that “quietly” teach you to trust yourself.



And little by little I have started the journey of a thousand steps. Getting up in the morning and walking the dogs. Being honest but tactful with people. Giving back every chance I get. Making tough decisions at work. Focusing on priorities and being able to say no when I need to. Getting out of bed and taking the dogs out. Just little steps but it is exhilarating exciting and also I am quietly learning to trust myself. A big difference because I am moving forward.

A good life is made up of small steps—“making tough decisions,” “being able to say no,” even “getting out of bed and taking the dogs out” just because you said you would—they may be little steps in “learning to trust” yourself, but they are the most “exhilarating” moves that you can make for your confidence.

Trayce is a 48-year-old stay-at-home mom who felt stuck in a rut when she discovered the #5SecondRule and “WHAM...like a light had been turned on.” She uses the Rule to do things that “are small in the big scheme of things, but the

feeling and uplift they give me is huge”—like speaking at church or posting a photo of herself online.

Here's the thing we learned from Bill: Small things are not small at all. They are the most important things of all. And they add up. Pushing yourself to 5- 4- 3- 2- 1 on the “small things” gives you confidence to do the “big scheme of things.”

*“Most of the applications were small in the big scheme of things, but the feeling and uplift they gave me is huge.*

*Here is a brief list of some things I have done using the 5-second rule **that I would not have otherwise done.***

*I stood up and danced by myself at a music concert, I took and posted a picture of myself with an author I admire [I don't like pictures of myself], I spoke in front of a congregation in my church, I spoke to my husband about something that was bothering me, I introduced myself to people I wanted to meet, and I have accomplished more around my home [not putting things off as much].*

*In and of themselves, these are not earth shattering events, but I did them because of the power behind Mel's 5-second rule.*

*I am trying to use this tool now for things I consider to be bigger struggles such as losing extra weight I have been carrying around for 25 years and to getting up the courage to attend my 30-year High School Reunion, considering the amount of weight I have gained.*

*I even used the 5-second rule to write and submit my story. I also try to share Mel's message of the 5-second rule with others and have heard and seen some people putting it into practice for themselves. I know I will continue to use this empowering and yet so simple life-changing formula.*

*For the first time in a long time I feel like I am beginning to get unstuck and climb out of my rut...and I can't wait to see what happens next.*

*Thank you, Trayce”*

Confidence builds when you do things that affirm your sense of self, particularly when they are things that you might not normally do, like getting up on time, speaking in front of your church, or chasing down the CEO of Cisco on a bike path. These are acts of everyday courage and they build confidence.

Crystal attended that same Cisco Live 2015 event as the engineer and she wrote to me about the #5SecondRule. She “realized that for the past 8 years” she had

“second guessed every step” she had taken: *I thought someone was interesting and then a second later my mind would give me a million reasons why not to try to speak to them.*

She started implementing 5- 4- 3- 2- 1 and “right away” by first sitting next to people she didn’t know in a break out session. The next day, when the instructor asked if anyone had any questions, she “realized I did but was embarrassed to even ask...then thought you know what you would have stood up if you just stopped thinking about it so I did.”

Using the #5SecondRule, she stood up and asked her question. She also inspired two other women to stand up too in a room full of male engineers. Next, she 5- 4- 3- 2- 1 and made herself go to a basketball game when she didn’t feel like it and even found the courage to ask a VP for a business card. Because of these acts of everyday courage her confidence has grown since the event and her life has completely changed: a new job, a new title, and a new house.



julenial1



I attended Cisco Live 2015 and heard you talk about the 5 second rule. It was superb! I hadn't realized that for the past 8 years I had second guessed every step I had taken. I thought someone was interesting and then a second later my mind would give me a million reasons why not to try to speak to them. After having heard about your 5 second rule I found myself implementing it right away! I met people I wouldn't have met had I not.

I walked into a class full of people and searched for people I knew to sit next to them and then said hey what are you doing. Get your butt over there and meet new people sit anywhere. I did. Then when the instructor asked if anyone had any questions I realized I did but was embarrassed to even ask especially if I had to stand up. I then thought u know what you would have stood up if you just stopped thinking about it so I did. I stood up and asked my question.

After I did the other two girls in a room full of men did too.

It felt great! Later I was invited to watch a basketball game and at first it sounded great but then I thought I should rest at the hotel. I'm so glad I decided to go with my first instinct. I met the Cisco VP and even obtained their card!

The day I heard you at Cisco Live has changed a lot about me! I have a new job that pays me the amount I deserve. I have a new title (I jumped up three positions!). I finally took the leap to buy a house after many years of thinking about it. The least I can say is thank you. Thank you for opening my eyes to the 5 second rule which has made all the difference!



Nobuo started using the #5SecondRule after he was “released from an executive director” role. He lost his motivation and “felt incapable.”



**Nobuo Kishi** 2 years ago I happened to watch TEDx presentation of Mel Robbins. Listening to the Mel's talk I became to realize that the 5 second rule might be able to work for myself. After I was released from an executive director of a company, my life was changed completely not only mentally but also financially. I lost my motivation to create a new life and felt like I am incapable. However, the 5 second rule helped me a lot and I decided to apply the rule in to my daily life. After started using the rule, little by little the power and energy has come back to my heart, mind and body. I often quote Mel's comment on my blog and translate into Japanese.

Mel, pray for your success from the land of the rising sun.

Using the Rule to practice acts of everyday courage “little by little,” Nobuo has found just like Crystal did that “the power and energy has come back to my heart, mind and body.” It’s come back because he has proven to himself that he has the power to change things in his life.

There’s one more point I want to make about personality and confidence. Remember what the engineer said right after he described how he froze the first time he saw Chambers walk by in the hallway? He offered an explanation of sorts, “I’m an ‘introvert’ and ‘this sort of thing’ doesn’t come naturally.”

What if I told you that nothing about your life or personality is fixed or “comes naturally” anyway? Nothing comes naturally until you practice it. That’s why I keep saying you must “practice” acts of everyday courage.

You have the ability to improve, change or enrich every single aspect of your life—through action. Professor Brian Little, a psychologist at the University of Cambridge, just gave a great TED Talk, *“Who Are You, Really? The Puzzle of Personality.”* In it, he talks about the difference between extroverts and introverts and the things that make us who we are. According to Professor Little, “It’s the doings.

It's the personal projects." He describes how some of our traits are more fixed and automatic, but many are "free traits" that we can adjust in order to advance a core project in our lives.

Little explains that like the engineer at Cisco, he's also an introvert. However, his core, personal project is to profess. He loves to teach. So even as an introvert, he is "acting out of character" when he is up in front of the class connecting with his students. How does he do it? Through deliberate and purposeful action. He pushes himself to do it.

The engineer's personal project was to express his gratitude to John Chambers. That's why he had the instinct to "act out of character." How did he actually push himself to do it? The #5SecondRule. In both examples two things were present—a desire to do something meaningful (connect with students or a CEO) and deliberate action (a push to act out of character).

Does it feel harder for an introvert to walk up to a CEO, talk in front of her church, or teach a class than it feels for an extrovert to do these things? Maybe. Maybe not. Depends on how confident the individual is. And confidence, as you know, has nothing to do with personality.

As Professor Little likes to say, "you are like some other people and like no other person." What I do know is that the first time you do anything, it's going to feel difficult and maybe a little scary. You're going to need a little courage. We are all capable of "acting out of character" when it serves an important purpose. The most important purpose I can think of is improving your life in ways that make you come alive and feel happy and fulfilled.

How do you "act out of character" to do that work? You guessed it: you assert yourself and practice acts of everyday courage using the #5SecondRule. Those acts may not seem "earth shattering," but they will shatter self-doubt over time.

There's so much greatness inside each and every single one of us. The Rule helps us see how "freaking incredible" we all are, just as Amber discovered about herself.

**amberoh @melrobbinslive you are X  
freaking incredible and because of you, I  
now know so am I. You have inspired me!!!!  
I reaaaaaaaalllllyyyy loved listening to you!**

Which takes us back to the very beginning point: The more that you practice acts of courage, the more that you will believe you are in control of your life, and as a result, the more confident that you will become. Even when what you need to do scares you to death, the Rule helps you take courageous action. Michelle found the courage to quit her "toxic, anxiety ridden job" and even though she's "scared of the unknown," that one act of everyday courage has made her "more confident in myself and capabilities."

I quit my toxic, anxiety ridden job this week, and while I am SO scared of the unknown coming up, I've never felt more confident in myself and capabilities after reading Stop Saying Your Fine. I want to thank you so deeply for pushing me to go for something better. You're changing me without even knowing it! You rock!



As Michelle discovered, doing things that scare you actually make you more confident. If you have the courage to take action, your confidence will follow. Every time you push yourself to speak when you're nervous, act when you're afraid, or get to the gym when you don't feel like it, you realize that you can rely on yourself to get anything done. From this belief in your personal abilities flows your confidence.

Jay goes to a performing arts high school in Toronto but has “always been nervous to go out for things.” Using the Rule, he has auditioned for more roles, gotten more parts in shows, and he’s also “gained a lot of self-confidence.”



Jay

Hey Mel,

I don't know if you remember the last time we spoke, it was a while ago. We just briefly chatted about how you really inspired me with the 5 second rule. I can tell you that within a couple months of using the rule, it has really started to change my life. I go to a performing arts high school in Toronto. I love it! Every day I get to work with an inspiring team of teachers and directors. I've always loved performing and I've also always been nervous to go out for things. Putting the 5 second rule into practice, I find that I now have not only been getting more parts, but I have gained a lot of self confidence. I feel now I have the passion to inspire others as well. I wanted to show you something,

The more that you use the Rule, the faster your confidence will grow. Stacey uses the Rule “almost daily” to act with courage and “talk to people face to face,” “do home shows” for her business, and “no longer hide” because of fear. Using the Rule in acts of everyday courage has helped her “grow in ways I never thought possible.” She has cultivated the confidence she’s always wanted and it feels “amazing.”

**Your rule has helped me grow in ways I never thought possible...I have this confidence now, that I never thought I was capable of having, and I am showing my team that its inside them as well.  
I no longer procrastinate...on ANYTHING....which just that in itself is an AMAZING accomplishment for me.**

Throughout this book, you have read stories of people who have taken very simple or seemingly small steps forward—and their entire outlook on life has changed. It's tempting to dismiss these stories because it seems implausible that by

simply waking up on time every morning, you can create a chain reaction that impacts your confidence. However, this is exactly how you do it. Stop focusing on the big things. Use 5- 4- 3- 2- 1-GO on the smallest things—and you will see that these moments are actually not so small.

As Bill said, daily courageous actions of getting out of bed, making tough decisions, being able to say no, giving back every chance you get, and focusing on priorities create a ripple effect that change your life. These are little steps but the payoff is everything that you seek: confidence, control, and a sense of pride that feels damn good.

**Speak  
from your  
heart,  
even if  
your  
voice  
shakes.**

# CHAPTER SIXTEEN

# PURSUING PASSION

---

“THERE'S A VOICE THAT DOESN'T

USE WORDS, LISTEN.”

RUMI

Over the years, I've received lots of questions about how to find your passion and purpose. Not once have I ever been asked to help someone “*think about their passion.*” That's because finding your passion is an active process and you'll find that the #5SecondRule is an incredible tool as opportunities start to appear. What stops people from finding their passion is that can't get out of their thoughts and move into action. When you use the #5SecondRule to 5- 4- 3- 2- 1 push yourself to start exploring and lean into opportunities as they appear, you'll be shocked where it leads.

**Start Exploring**

How do you explore? Hire the best guide you can find: your curiosity. Your curiosity is how your instincts get you to pay attention to what your heart really cares about. If you can't stop thinking something, make something your new hobby. Also pay close attention to envy. If you find yourself jealous of someone else, explore that feeling. What aspect of their life are you jealous of? This may give you a clue into what you really want for yourself.

Next, push yourself to take simple steps to explore that subject: read about it, watch video tutorials, talk to people, take a class, and write a plan. You'll be surprised by what happens over time.

Your passion could be photography. When Chris first discovered the #5SecondRule four years ago, he was a CIO at a bank (and he still is), and he had always loved photography. He used the Rule to force himself to explore his passion, and, two magazine covers and multiple awards later, he's a professional photographer.



**Chris Auditore**

### **Mel Robbins**

So Friday prior to the Stagger Moon Band shoot at Sewanee I received an email from an amazing woman named Mel Robbins. Mel's principles of the 5 second rule has led me down the path of 4 covers, Multiple awards and voted Finest Photographer just to name a few things. Her principle is simple. If you have an idea act on it in the first 5 seconds. Simple right? Not so for a lot of us. Ideas pop into our creative heads all the time and we just let them drift away. So after watching her TED talk about 4 years ago I was convinced I could do this! Well ladies and gentleman I am here to tell you that creatively it is amazing. When an idea pops into your head either write it down or just do it ! It really is simple.



Maybe you're interested in launching a gourmet food business. It doesn't matter if you've never done it before. In today's world, you have so many resources at your disposal to help you explore. Take Eric as an example. He lives in Cambodia and had an idea to start an export business. He's pushing himself to learn everything he can by watching YouTube videos and reading books.



Eric

I currently live in Cambodia and have been here almost two years. I came here after a divorce to teach English, as well as, to learn to be content being by myself.

Lately I've felt very homesick yet my gut had told me that if I returned to Atlanta, GA (where I'm from) I would regret it.

I've had an idea of wanting to start a business exporting some rare food items from here that are not available in the US and should be as I want to share these wonderful ingredients from

this lovely country w/ people in the US. I have a great friend in Atlanta that runs a gourmet food wholesale distribution company that sells many comparable niche items.

I have a product, I have a way to distribute the product, yet I had no idea how to start yet run my own business. Since I watched your TED talk I have purchased and already read half of a 'starting your own import/export business' book along w/ several YouTube videos.

For the first time in my life, I have an idea that I'm passionate about that could actually become my own business.

That's how you "discover" your passion, you 5- 4- 3- 2- 1 explore until you bump into it.

## Build Momentum

It will start as just an instinct. It always does. First you take a class. A class leads to a certification. A certification leads to conversations. Conversations lead to opportunities. Small opportunities lead to larger ones. Maybe you'll want to share something what you're learning with people at work, so you use the Rule push yourself to do it. That's when momentum kicks in.

You'll curse me as things actually start to happen, but you'll thank yourself for finding the courage to trust your heart and explore what you find fascinating. Jo, a banker in London, is a fabulous example of how something small, like taking one class, can grow into something remarkable like a whole new career. This story is an

unbelievable example of how momentum builds from something small. Check this out:

Jo, a banker in London, is a fabulous example of how something small, like taking one class, can grow into something remarkable like a whole new career. This story is an unbelievable example of how momentum builds from something small. Check this out:



**Joanne McLellan**

[View Profile](#)

I did a presentation on limiting beliefs and an introduction to our 'maps of the world' at my team meeting of 8 people - I was nervous but I did it as I'd recently qualified as a master NLP Practitioner and I wanted to share what I'd learnt. When the presentation ended my head of function walked up to me and said "this is what you should be doing, you could make a career doing this" (I currently work in banking, I'm.....a banker). To say I was buzzing after this and the other feedback I got made me feel awesome was an understatement. I got brave and decided to put the 5 second rule in action so I went to my laptop and typed an email to one of the largest women's network in the UK (managed by Lloyds Banking Group, my bank) called Breakthrough to offer my services. I think I actually posted on your Facebook page that morning something like "5 second rule in action today"! Long story short they came back and said they would love me to do presentation to their Scotland

division. Fast forward a couple weeks to Tuesday last week and a very nervous me was, I'll be honest, cursing you and the 5 second rule as I was terrified but I did the presentation and you know what?!? I was so good we have a waiting list of people who couldn't make it (due to the line being blocked out, timing of the first session and word of mouth on how good it was) so I've been asked to run a second session! I've also been approached about jobs and people are asking me to help them work through their limiting beliefs and super them with their goals (or outcomes)! All of this happened because of the 5 second rule and sending one email! Oh I should also mention I gave Stop Saying your fine a shout out as one of my favourite books at the end of the presentation as people asked for books that have inspired me 😊

This stuff works and I tell everyone to give it a go and see where it gets them - maybe even where they want to be 😊

Jo

Banker and Coach (I guess)

As your exploration picks up momentum, you'll move into the next phase—actually pursuing your passion full-time. At some point, the side business of photography will become your real business. Your presentation to the Bank of Scotland will become a full-blown speaking career.

## The Courage to Commit

There's no magic formula for when to pull the trigger and turn a passion project into a passion-driven career or major life change. It requires planning and some slow, deep thinking. If you are anything like the rest of us, you'll torture yourself for a while until you can't stand straddling your present life and the future one.

Michal had a major passion that she wanted to turn into a company and had “been wanting to do it for years but have just held back.” She 5- 4- 3- 2- 1 pushed herself “to announce the start of my new business.” Now, she has a reason to “not hit that snooze button” anymore.



**Michal Lowthorpe** I used the 5 second rule today to announce the start of my new business of horse & rider portraits. I have been wanting to do it for years but have just held back. I can't wait and now have something to not hit that snooze button for! Thank you Mel

We all deserve to wake up so excited that we no longer want to “hit that snooze button,” just like Michal. If you are thinking about making the leap like her, make sure to be intentional about how you ask yourself the question.

You need to ask yourself the Heart First question, “*Am I ready to commit to this?*” instead of the Feeling First question, “*Do I feel ready to commit to this?*” You’ll never *feel* ready. The moment you answer yes to the question “*Am I ready to commit to this?*” you’ll need to use the Rule to give yourself that final push.

Even when you are ready, it’s not going to *feel* good when you do it. Just ask Todd in Australia. Todd has known for a long time exactly what he is passionate about: physical education. He’s always dreamed of teaching it and having his own personal training business. As a high-schooler, Todd knew that he wanted pursue a degree in Physical Education, but his parents said, “*Oh no, you can’t do that...*” They pressured him to pursue a “professional” degree instead.

Four years later, Todd was a senior in a dual major program split between Law and Business. His heart was never in it. As Todd described in an email, that “little voice” was constantly in the back of his head “silently” echoing. Why did he stay in that major? Simple—his feelings. The thought of disappointing his parents overwhelmed him. Every single day, he thought about withdrawing and going to a different college to study Physical Education, but he felt paralyzed. Walking into the Registrar’s Office and filling out paperwork is easy. Facing the disappointment of your parents is soul-crushing.

For almost four years, Todd had wanted to withdraw, but he didn’t know *how* to face his fears or his parents. The #5SecondRule is how he finally did it. Todd was sitting in a LAWS5513 Lecture on Advanced Taxation Law when he realized that he was “ready.”

As Todd put it:

*“I can attest to you the dislike I had for such a program; I wanted to withdraw from the moment I started. But what is perhaps, most disturbing about this entire situation is that I had literally allowed myself to study a degree up to the final year before I decided I was entirely and completely done with hating my life!”*

Todd could see the future:

*“My parents would send me off to do my Masters and along I would go, living my life...for everyone, but me!”*

He described the instinct to act and the five second decision that made it happen.

*“Just start. I need to withdraw. I gathered up my books and stood up in the middle of class and left.”*

His body was shaking, but he was moving—straight to the Registrar’s Office, where he unenrolled from the University. He then got in the car and drove two hours south of Brisbane to The Queensland University of Technology, where he applied for the degree of his dreams.

That fateful Tuesday morning was two years ago. Todd is now 24 years old and halfway through his teaching degree and has “never had this much fun in my life.” He has been accepted into the honors Education program for next year. As he puts it:

*“I have found my purpose ... this is in fact exactly what I was supposed to be doing all along.”*

As for his parents, yes they were disappointed when he initially told them that he didn’t want to be a lawyer, but they were way more disappointed by the fact that Todd had been scared (to tell them) and unhappy for so long.

## **Have Faith**

I believe you can make anything happen as long as you listen to your heart, do the work, and give up your timeline. One of my favorite books is the international best-seller *The Alchemist*. It’s one of the best-selling books of all time and has been translated into 80 languages. I’ve recommended it for more than a decade, and as I was writing this book, I bought myself a new copy to keep me inspired and reminded that the “*Whole universe conspires to help you when you follow your heart.*”

When I cracked open the twenty-fifth anniversary edition, I was blown away by a story in the forward of the book. I had no idea that when *The Alchemist* was first published in Brazil, it failed. Miserably.

*“When The Alchemist was first published twenty-five years ago in my native Brazil, no one noticed. A bookseller in the northeast corner of the country told me that only one person purchased a copy the first week of its release. It took another six months for the bookseller to unload a second copy—and that was to the same person who bought the first! And who knows how long it took to sell the third.*

*By the end of the year, it was clear to everyone that The Alchemist wasn’t working. My original publisher decided to cut me loose and cancelled our contract. They wiped their hands of the project and let me take the book with me. I was forty-one and desperate.*

*But I never lost faith in the book or ever wavered in my vision. Why? Because it was me in there, all of me, heart and soul. I was living my own metaphor. A man sets out on a journey, dreaming of a beautiful or magical place, in*

*pursuit of some unknown treasure. At the end of his journey, the man realizes the treasure was with him the entire time.”*

Forty-one and desperate? I got chills when I read that line. That's how old I was when I discovered the #5SecondRule, and that's exactly how I felt. What I have come to realize is there is no expiration date on discovering and expressing the power of you. And as Coelho wrote in the foreword, it starts with a belief in yourself, and that belief is grounded in the courage to push yourself.

*“I was following my Personal Legend, and my treasure was my capacity to write. And I wanted to share this treasure with the world. I started knocking on the doors of other publishers. One opened, and the publisher on the other side believed in me and my book and agreed to give *The Alchemist* a second chance. Slowly, through word of mouth, it finally started to sell—three thousand, then six thousand, ten thousand—book by book, gradually throughout the year.”*

The book became an organic phenomenon and the rest is history. It is considered one of the ten best books of the twentieth century. When interviewers ask Coelho whether or not he knew that it would be a success, this is what he had to say:

*“The answer is no. I had no idea. How could I? When I sat down to write *The Alchemist*, all I knew is that I wanted to write about my soul. I wanted to write about my quest to find my treasure.”*

The answers are inside of you if you have the courage to listen. You are like some other people and like no other person. You have something remarkable to share with the world. It starts with listening to what's inside of you and ends with the courage to go where it leads.

Follow it.

**Don't tell people your dreams.  
Show them.**

# CHAPTER SEVENTEEN

# ENRICH YOUR RELATIONSHIPS

---

**“AN ACT OF COURAGE IS ALWAYS**

**AN ACT OF LOVE.”**

**PAULO COELHO**

**T**here are only two words of advice you need to improve any relationship.

## **Say It**

I was speaking at a sales meeting for a retail brokerage firm in Florida and afterward a tall man named Don approached me. He was in his late 50s, had a beard, and was wearing a sport coat over his madras shirt. He said he wanted to share something with me about “my 5 Second Rule.”

Don had “his own version of it that had changed his life.” He had “made a decision a few years ago, that nothing important would be left unsaid.”

Then he shared a story about how, acting on instinct, he pushed himself to share something with his daughter that had completely changed their entire

relationship. Over the years his daughter Amber and her husband had taken in family members who had fallen on hard times. They also volunteered every weekend in their community and had completed several service trips.

Don told them that he admired them. He admired how they lived their lives and the example that their lives provided the world. He added that he was so proud of the young woman Amber had become. And then he told me this: “Right before I was about to say it. I was so afraid. Imagine that. I was afraid to say something because I was afraid to get emotional.”

He said that after that conversation, his relationship with his daughter was never the same again. They are now closer than he ever imagined and the experience inspired him to live by this rule: *Leave nothing important unsaid.*

Intimacy takes courage. Risking getting emotional or upsetting someone so that you can express yourself is scary, but the result is magical. I experienced that same magic in a simple conversation with my father last fall. I was on my way to the airport having just finished a speaking engagement in Miami and I saw a text from my dad: “Call me as soon as you can.”

*That's odd,* I thought to myself. I called the house, and my mom picked up the phone.

“Hi Mom, I just got a text from Dad asking me to call. Is everything okay?”

“You should talk to him, let me get him for you...”

She set the phone down, as I tried to catch her

“Wait, Mom! What's going on?”

I could hear the kitchen door creak as she opened it and yelled for my dad, “BOB! Mel's on the phone!”

I had no idea what was going on. At first, I thought that I was in trouble. I sat in the back of that cab feeling like a 10-year-old who was about to get grounded.

Isn't it amazing how quickly your mind can take you down the rabbit hole that something is wrong?

Uncertainty had triggered my habit of worrying and now I was inside the mental "What-if Loop": *Did grandma die? Did I do something wrong? Is he in financial trouble? It must be me, what did I do?*

Did you catch what happened? The uncertainty triggered my habit of worrying. In less than five seconds, I had convinced myself that my grandmother had died, that I had done something severely wrong, that my father was deeply disappointed in me, or that I was about to get in major trouble.

I heard the back door open and him walking toward the kitchen. He picked up the phone and was as nonchalant as could be, "*Hey Mel, thanks for calling, where are you right now?*"

I was freaking out on the other end of the line.

*"I'm in Miami on my way to the airport, your text scared me to death, did I do something wrong?"*

He chuckled and said, "*No, it's not about you, Mel. It's about me. I didn't want to tell you and your brother until I was sure.*"

I almost dropped the phone. "*Are you gonna die? Oh my god, you have cancer.*"

He interrupted, "*Will you let me talk...I don't have cancer. I have an aneurism and I need open brain surgery to remove it before it kills me.*"

He went on to explain the whole story. He had had a bout of vertigo and collapsed while he was playing a round of golf. That lead to an MRI, which revealed this aneurism. They found it by mistake. He was having surgery at the end of the week at the University of Michigan.

I sat frozen on the other side of the phone. My father-in-law had died from esophageal cancer. Within seconds of hearing my dad's story, I immediately thought

about the day of my father-in-law's surgery. It was just a moment. The nurses were wheeling him off to surgery at Memorial Sloan Kettering in Manhattan and just before they pushed him through the double doors, he looked back at all of us.

He smiled and gave us a little wave. We all smiled and waved back, and I remember giving him a "thumbs up." I remember feeling a pang of fear right at that moment. Then he disappeared through the swinging doors. We had no idea that his surgery was about to go horribly wrong and that the complications would eventually kill him.

I snapped back into the present moment, in the back of the cab and listened to my dad. I pictured my father waving goodbye from a hospital hallway, and I was afraid. I don't know why, but I really wanted to know if my dad was scared too. I had an instinct to ask him and immediately hesitated. I started think.

*"Don't ask that, it'll upset him. Of course he's scared, you moron. Keep it light and positive. Don't stress him out, that aneurysm could explode."* That was the push moment. Leave nothing important unsaid.

## 5..4..3..2..1..

*"Dad, are you scared?"*

There was silence on the other end. And I started to regret asking the question. I was not expecting to hear what he said next:

*"I'm not scared. I am nervous, but I really trust my surgeon. You know, Mel, I actually feel kind of lucky."*

*"Lucky?"* That's not what I expected to hear.

*"Yes, I have an opportunity to try and fix this thing before it kills me. And at the end of the day if something happens I have no regrets. Watching my mom take care of my dad after his*

*stroke or watching Susie die of ALS was horrible. Quality of life is very important to me. And the quality of my life has been more than I could have ever wished for. As a kid I always wanted to be a doctor, and I became one. Your mom and I have had a wonderful life together. You and your brother turned out. I've basically done exactly what I wanted to do with my life. And that's all you can ever ask for...that and more time to enjoy it."*

It was one of the most beautiful moments I have ever shared with my dad and without the #5SecondRule, I wouldn't have found my courage to ask the question. I just sat there in the back of that cab and took it all in. And then he added this:

*"Actually, there is one thing I want to do," he said, "I'd like to see Africa. And if I make it to 90, I want to jump out of plane like George H. Bush did on his 90th birthday."*

I laughed. "You will dad, you will."

That conversation with my dad reminded me of something important. Waiting for the right time to get real in your relationships is a fool's errand. There is no right time to have the conversation, ask the hard questions, say "I love you," or take the time to truly listen. There is only right now.

Sometimes it's not merely a hard question that you need to ask. It's actually ending the silence between you. It had been "years since" Cortney let her relationship go with her father, but she had been wanting to make amends. She didn't "pass out or over think it," like she would have in the past. Instead, she used the #5SecondRule to trust her instinct and just pick up the phone and call her dad. She just "said out loud 5- 4- 3- 2- 1 and just hit call and did it."

It only takes five seconds to change your life.

Mel

I have to tell you I listened to you in Salt Lake City a month ago and came home on fire. I actually used it to make mens with my father. It had been years since I let things go and moved on and I actually sat in my fiancés room and said out loud 5-4-3-2-1 and just hit call and did it. And I didn't pass out or over think it like I used to. So thank you for not only helping in my business but also personally. And every morning I use it to get by butt out of bed and go for a run.  
Thank you thank you thank you  
Cortney

Hiding is what Mike was doing in his marriage, until he found the courage to 5-4-3-2-1 to be “more honest with” himself:

*“I am talking to my wife again about subjects I would have rather just been ignored (not like they were going away because my head was in the sand or anything). And I am being more honest with myself. And most of all I like that. I may not be perfect, but I am worthy. I’m surprised by just how damn good that feels – to be worthy.”*

—Mike

Mike just shared a very powerful secret. To feel worthy, you must first make your own instincts worthy of your attention and your effort. And Anthony was surprised that “something so simple” as having the courage to “lean into what I normally shy away from” could create such “enormous change” in his marriage, helping him to be “closer to my wife” and get his needs met.

*“That something so simple could create such enormous change. That was surprising. I used to expect people to know my needs and would harbor resentment when my needs were not met, mostly with my wife. I thought all wives could read minds, imagine my surprise.*

*By using the Rule to simply lean into what I normally would shy away from I’m making great strides in a few areas of my life. I’m smiling as I type this. I’m closer to my wife and my needs are starting to be met. I had no idea that my silence was the problem.”*

—Anthony

As Anthony said he “had no idea that my silence was the problem.” Silence is always the problem. Deciding not to say what you feel creates what researchers call “cognitive dissonance” between what you truly believe (in your heart) and what you actually do in the moment. Those problems build up and, over time, they can break your relationship.

That’s what happened to Estelle during what she described as “an ordinary moment in time.” A seemingly stupid argument with her husband “cracked a branch in a silent woods” and her response was immediate—“I asked him for a divorce.” Here’s how she described it:

*"My mind was suddenly crystal clear and I used the #5SecondRule to say it. It was now my choice to do it, or allow my brain to "pull the emergency brake." I chose in that moment, to act. I asked for a divorce. In retrospect that decision catapulted my life in the direction I knew I wanted to go, but always held myself back from.*

*This is not to say it was easy. It absolutely has not been easy, but I have never for one second doubted my decision. In that pure moment of action, of truly choosing to act on what I knew was right and authentically me, I have found myself. There have been dark and sometimes lonely moments, but what surprises me is that in those moments I never regret my choice to divorce.*

*We all have moments throughout our day to act or to choose. We sometimes hold ourselves back, we choose to be cautious and not act and to not risk. I choose to act. And it is in these moments that I feel most alive, have found my soulmate and more importantly my true self."*

—Estelle

I said from the beginning that the Rule was simple. I never said it “saying it” would be easy. The truth is the shortest distance between two people and it may very well save your relationship. Silence creates distance. Truth creates real connection, as Natasha discovered.

Natasha was “overwhelmed with life” after her mother died suddenly. Her optimism “evaporated” and she could “only see more negatives” in the future. She was worried about her relationship with her boyfriend and used the Rule to 5- 4- 3- 2- 1 to “speak from the heart” about how she felt, for real—that their relationship “was unsustainable.” She spoke how she really felt and the outcome was amazing. Instead of blowing up the relationship, the truth brought them closer. They’re now engaged.

First one is a small one really. I work 10 hour days and by Thursday I'm usually shattered. I use the 5 second rule to give me a boost to do chores when really I'd love to crash on the sofa! I get the impulse to empty the dishwasher. I count to 5, get up, do it and then its done!

My second one is a bit bigger & linked to your first book too. I was having a difficult time at the start of the year after my mother passed away suddenly from cancer. I found myself getting overwhelmed often with life in general. My usual optimism evaporated. My 3 year relationship was suffering as a result. I felt daily anxiety that something bad would happen and I was worried the relationship was unsustainable as I couldn't see any positives in the future only more negatives. In June 2016, after realising I was not fine, I used the 5 second rule to start a conversation about my relationship. I explained how I felt, and how I wanted things to be better but I didn't know how to fix it. My partner patiently listened to me, and we took time out to talk and connect. We ended up receiving help from a relationship counsellor to help us gain new perspectives. We realised how much we had been through, how resilient we were as a couple, and how I had nothing to fear about our connection being broken. We have been nurturing our relationship for the past 2 months and I now live without fear. I am confident in our connection! This was reinforced more at the weekend when my boyfriend proposed! Of course I said yes, and I am the happiest I have ever been! 😊 I had no idea what the outcome of my original conversation would be. But I knew I needed to speak from the heart and see what happened. The outcome has been amazing! And I'm so grateful I didn't let fear paralyze me.

Thanks for reading!

We often fail to appreciate the profound power held inside the smallest moments of our relationships as our days race by. I recently had something happen that reminded me of the importance of slowing down, being present, “saying it,” and tuning into your heart when it speaks to you.

A man sent me a Facebook message after hearing me speak, and asked me to check out a memorial page for a family friend named Josh Woodruff. He felt that Josh was the epitome of a person who lived his life to the fullest, and embodied the #5SecondRule.

On an instinct, I clicked on the link to the memorial page on Facebook. The first thing I saw was a post from a woman named Mary. It was a beautiful post about the intimacy and connectedness we all want in life and how we pull back from it for the silliest reasons. A week before Josh was killed by a hit-and-run driver in New Orleans, Mary had seen him in the grocery store but “didn’t say anything to him.” I’ll let her tell you the story:



Mary Tacy Bazis

22 hrs · Omaha, NE

Josh and my son Jared have been friends since 2nd grade. We consider the Woodruffs some of our dearest and most admired friends.

The week before Josh died, I saw him twice in the grocery store. The first time, he was quite away away and I thought "Oh there's Josh, he must be home for Christmas" but I didn't say anything to him because I didn't want to holler across the store. The same week I saw him again, with a big grin and stocking cap on talking to someone. He was much closer and I still didn't say anything because I had run to the store, quick, with no makeup and dressed horrid , just hoping I didn't see anyone i knew. I thought "Odd that i would see him twice in one week", so i prayed for his family and their Christmas holiday.

When I heard he died, I felt so bad I hadn't talked to him. i didn't know that would be the last time. But my last image of him was that huge, light up the world smile.

Last week, I was in Target and I saw a friend, Jenny, quite away away. I started to walk out the door when I remembered Josh. I was in a hurry and didn't see any reason stop and talk, then I thought again of Josh. I turned around, and hollered down the aisle "Hey Jenny!..."

Mary's post is an incredible reminder for all of us. Sometimes there is no next time. When your heart speaks—say it. I reached out to Josh's mom, Caren, and she shared a story about Josh with me:

*"Josh was not afraid of other people's emotions. When he was a teenager, my mother was diagnosed with cancer. I knew we were losing her. One day, I sat in the family room by myself to think and to cry. Josh came in and asked me what was wrong, and then "eye locked" me. He didn't look away or fidget. He just sat there and listened. From that day we started moving from just a mother-son to a friend-friend relationship because he took the time to listen to me as a human being."*

I'm sad that I never got the chance to meet Josh. He sounded like an amazing man. As Caren described him, *"Josh was the epitome of doing. He took his intentions and"*

*acted on them. After his death, we said that he lived life without hesitation.”*

She closed her email to me by attaching a text that Josh had sent to her and her husband on New Year's Eve, just hours before he was killed. As Caren put it, “*He thought it, he sent it. We will treasure it for the rest of our lives.*”

●●●●● AT&T

3:55 PM

\* 70%

< Messages **Group MMS**

Details

To: Mark, Josh

Thursday 5:10 PM

Josh

**Before the night begins,  
just wanted to say Happy  
New Year and that I'm so  
ridiculously thankful for  
ya! Very much pumped  
to see what 2016 has for  
us!**

J

Thursday 6:42 PM

Happy new year !! We  
are SO thankful for you,  
and for the life you bring  
to us and to our family.  
Stay safe tonight. ( I had  
to say that. I'm the  
mom :-))



Text Message

Send

Leave nothing important unsaid.

5- 4- 3- 2- 1 go ahead and say it.

**All our dreams can come true if  
we have the courage to pursue  
them.**

**- Walt Disney**

# THE POWER OF YOU

---

**"YOU'VE ALWAYS HAD THE POWER MY DEAR,**

**YOU JUST HAD TO LEARN IT FOR YOURSELF."**

**GLINDA, THE WIZARD OF OZ**

**T**oday, something incredible is going to happen.

A woman will quit her job because she truly hates it. She is scared, but she'll do it anyway. A man will call off his wedding, knowing he'll be hated for it. A 56-year-old veterinarian will start her first business, an app developer will launch her first product, and a 15-year-old will start writing his first cookbook.

A banker will apply for an executive role that she's always wanted. She doesn't feel 100% qualified but that's not going to stop her from throwing her hat in the ring. And a man in a bar will leave the safety of his friends to walk across the room to approach an attractive woman. Initially, he'll feel like he's dying inside, but it will turn out way better than he anticipated.

They know they might fail or fall flat on their faces, but they do it anyway. They push themselves forward despite the feelings that scream "NO!" They feel afraid but they still move.

The question is, why? The answer is simple: they know the secret to greatness. When your heart speaks, honor it, 5- 4- 3- 2- 1- and move. They also know the alternative and that it is terrifying: missing out on all that you are meant to become. Living on autopilot and swimming right past all the magic, opportunity, and joy that your life has to offer. And the greatest risk of all? Dying before you've actually pushed yourself to live.

Dan in California is not going to let that happen. He's just registered for summer classes in finance. The idea of being a #44yearoldfreshman is daunting, but he does it anyway, because "never too old" is what it means to be great.



**Dan Francis**  
@RealDanFrancis

@melrobbins damn your #5SecondRule I'm now registered for summer classes.  
#44yearoldfreshman #nevertooold #business  
#finance

In Honolulu, Shirley is pushing herself to start living again after losing her husband. She's let too many "five second windows be wasted" over the last four years. Now, she is practicing everyday courage. She has started with something small —beginning to walk again. That one change has opened doors that have been closed for years.

WED 11:19PM



Just want to let you know you  
inspired me to start walking again.  
This is a park at the end of Waikiki.  
Thank you, Mel. Aloha.



In Santa Monica, California, Julie used the #5SecondRule to push herself to make calls that made her nervous, and got two things: greater confidence in herself and \$5,000 to help cure pancreatic cancer.



**Julie Weiss**  
@MarathonGoddess

@melrobbins ThankYou This Donation to fight #pancreaticcancer happened because of the #5secondrule. 



In New Delhi, India, Pulkit is taking “so many risks” using the #5SecondRule that it is helping him grow in “amazing” ways. He’s now always “giving the best shot” at what he does, thanks to the Rule. And he has a piece of advice for Dan, our 44-year-old freshman: keep pushing. Pulkit knows the power of everyday courage because he just finished his bachelor’s degree.



**Pulkit**

Hi Mell! 😊 Your 5 Second Rule really helped me a lot in my personal and professional life. From taking those little risks, from inculcating that, the execution, the effect is just amazing. I used to be an introvert, now I've strucked a balance well. Yes, I love to talk 😊 I wouldn't have been able to achieve that without the 5 second rule. I've taken so many risks with my life and it just helps me grow using the 5 second rule, always giving the best shot at it. It has just turned out amazing 😊 I just completed my bachelors.

After a high stress week at work, Kathleen wanted to just “kick back and feel the buzz of a well-deserved drink and not deal” but she 5- 4- 3- 2- 1 and drove past

the familiar cars at the bar. It was a “white knuckle” drive home, but in that moment she won. As Kathleen put it “However small that drive was, it felt like a victory.” And it truly was.

 KATHLEEN  
to me ▾

Dear Mrs. Robbins;

This Friday while driving home, all I could think about was the five second rule and the idea that you have to 'push' your way through certain situations to get unstuck. I have a significant commute so I got some good thinking time in. The industry I work in is very high stress, very deadline oriented my hours are oddball, I am out of work by two in the afternoon. So on this Friday, before a holiday, I would usually go meet friends at a local pub, have a few drinks and bitch and moan about the week. Lately I've felt as though the weekly bitch session has become nothing but an excuse for a brain numb, I felt as though I was avoiding my life and hiding behind Bombay Sapphire (although delicious and the nectar of the Gods is not a good place to play hide and seek). While getting off the exit that would bring me to the pub I started laughing, 'so this is what it means to push through, and NO, I do not feel like it.' I realized what you said was 100% on. No, I did not feel like going home, looking at my finances, dealing with my who cares attitude about how I live, I wanted to kick back feel the buzz of a well deserved drink and not deal...but I did, I saw all of the familiar cars in the parking lot and I drove by, trust me I white knuckled that drive.

However small that drive by was, it felt like a victory. I came home and turned on my laptop, looked at my finances, made a map. Like you, I'm a runner, I was training for an ultramarathon when I was injured, the dreaded achilles, I quit exercising period, I hate the gym... HATE IT, but have decided to go back a little at a time (I still hate it). After deciding to get my act together I asked fellow runners in a local forum for help finding a DR. After seeing this specialist she told me the issue with my achilles is 'fixable' and I should be out racing again by spring 2017.

This email was also part of the 5 second rule, I don't know if you'll ever see it, but I wrote it and sent it.

Have an excellent holiday weekend

In Minnesota, Kelly has made a Heart First five-second decision after years of dreaming about it. She's moving to France. Now that she's decided, the fear has disappeared just like Rosa Parks said it would, and she'll use her brain to figure out the details instead of allowing fear to hold her back.

Mel -

Thanks for sharing  
My 5 seconds... I'm  
now moving to  
France. Kelly

In London, England, Steve was suffering from PTSD and thinking about ending his life as he rode on a ferry. His instincts told him to get help and the #5SecondRule "kicked in," he moved away from the railing, and walked toward a steward working on the ferry. It took the lowest moment of his life to admit just how lost in depression he had become, but in less than five seconds he 5- 4- 3- 2- 1 and discovered the courage to save his life.



**Steve**

@melrobbins you saved my life today, I was on the point of committing suicide. Was going to jump off a ferry. 5 sec R kicked in Thanks



**Mel Robbins**

@melrobbins

Steve @montgomerysms what can we do to help you get help. Email hello@melrobbins.com we r here for u



**Steve**

@melrobbins Now getting help xx

And finally, James...

Steve's story hit James "close to my heart." James lost his baby brother to suicide just a year ago. As James wrote, "I wish my brother took 5. I can never change that, but I can change myself." Using the #5SecondRule, he has found the courage he needs to wake up and start living again: "It's time for me to move on, back to my passion, back to my running." James made a five second decision. He is running a 100 miler, 5- 4- 3- 2- 1, in memory of his brother Patrick.



James

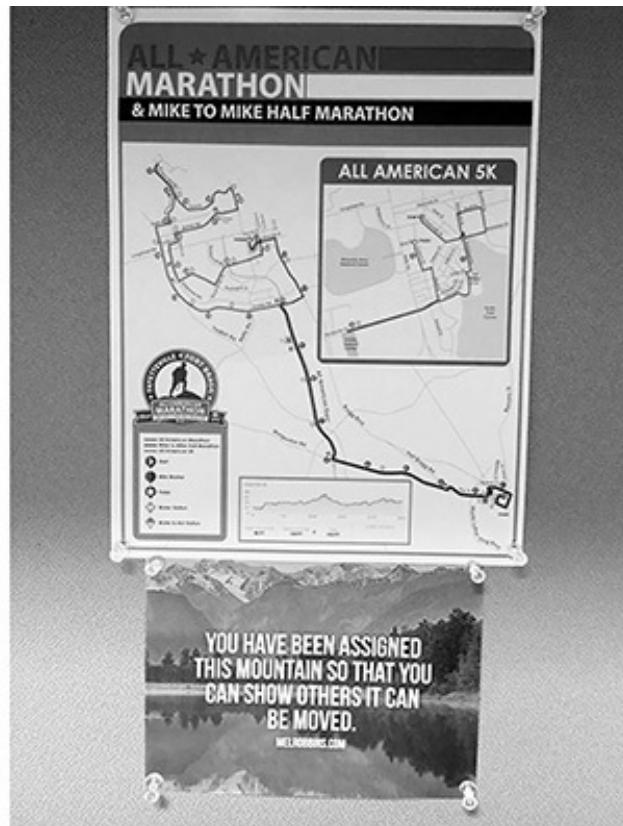
Thank you so much. This was the highlight of conference for me. Prior to losing my baby brother to suicide on 6/8/15 I had run 18- 1/2 marathons and two full. After he passed, I couldn't run anymore. Running was my escape, time to reflect and think. I didn't want to do any of them anymore.

You spoke of the solider who was ready to jump off the bridge but did 5.4.3.2.1 and moved on. That hit me, close to my heart. I wish my brother took 5. I can never change that, but I can change myself.

It is time for me to move on, back to my passion, back to my running. I have been fighting with myself to run a 100 miler in memory of my brother but couldn't get the "push" I needed to make it reality.

Today I am taking 5.4.3.2.1 in memory of Patrick Stripling.

Thank you so much! I will be passing this along.





James



Perfect Quote for my comeback. Right next to my desk so I will see it everyday and be reminded that I can move the mountain that stands before me.

#4Patrick #StopSuicide #BeTheVoice #YouAreEnough

Yes, you can move mountains. Whatever is happening right now, this is it. This is your life. And it's not going to begin again. You can't change the past, but in five seconds you can change your future.

That's the power of everyday courage. When your heart speaks, honor it, 5- 4- 3- 2- 1- and move. One moment of courage can change your day. One day can change your life. And your life can change the world.

**There is greatness in you. The time to reveal it is now.**

**5...4...3...2...1...GO!**

# The 5 Second Rule

The moment you have an **instinct** to act on a goal  
you must

**5-4-3-2-1**

and **physically move** or your **brain will stop** you.

**IF YOU LOVED THIS BOOK, YOU'LL LOVE  
THIS FREE GIFT EVEN MORE!**

**31 SESSIONS TO #REALCONFIDENCE**

### **The #5SecondRule Implementation Program**

Get exclusive insights, deeper strategies, and the most up-to-date research to help you gain ultimate clarity around what really matters to YOU.

Deepen your mastery of the #5SecondRule for lasting results with 31 days of Mel's one-to-one guidance.

You'll hear additional personal stories and have access to never-before-shared tips and accountability exercises that will push you to follow through.

Finally, cut through the overwhelm and self-doubt still holding you back from using the #5SecondRule and create radical change in your life.

If you've been waiting for your breakthrough moment, here it is, Join me for just 31 short sessions and together we'll unlock the power of YOU.

**A \$247 VALUE YOURS FREE!**

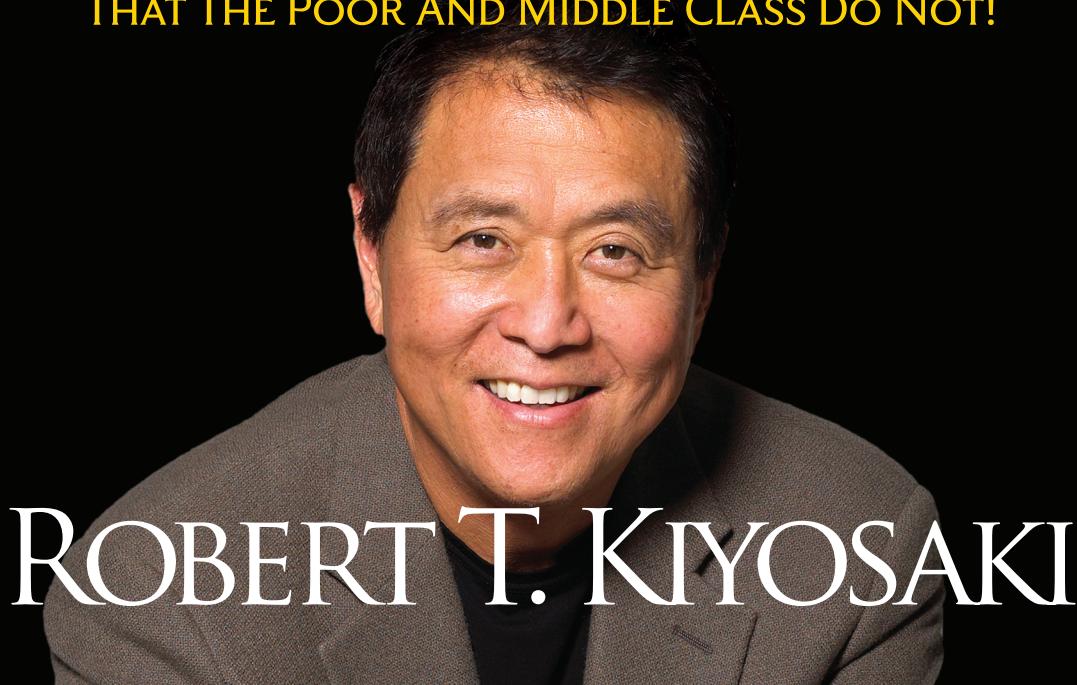
TO JOIN ME FOR 31 SESSIONS TO #REALCONFIDENCE PLEASE VISIT:

**[WWW.MELROBBINS.COM/31SESSIONS](http://WWW.MELROBBINS.COM/31SESSIONS)**

**Best  
Seller**  
#1 Personal  
Finance Book  
of All Time!

# RICH DAD POOR DAD

**WHAT THE RICH TEACH THEIR KIDS ABOUT MONEY –  
THAT THE POOR AND MIDDLE CLASS DO NOT!**



---

*“Rich Dad Poor Dad* is a starting point for anyone looking to gain control of their financial future.”

– USA TODAY

---



# RICH DAD POOR DAD

---

**WHAT THE RICH TEACH THEIR KIDS ABOUT MONEY—  
THAT THE POOR AND MIDDLE CLASS DO NOT!**

**BY ROBERT T. KIYOSAKI**

---

If you purchase this book without a cover, or purchase a PDF, jpg, or tiff copy of this book, it is likely stolen property or a counterfeit. In that case, neither the authors, the publisher, nor any of their employees or agents has received any payment for the copy. Furthermore, counterfeiting is a known avenue of financial support for organized crime and terrorist groups. We urge you to please not purchase any such copy and to report any instance of someone selling such copies to Plata Publishing LLC.

This publication is designed to provide competent and reliable information regarding the subject matter covered. However, it is sold with the understanding that the author and publisher are not engaged in rendering legal, financial, or other professional advice. Laws and practices often vary from state to state and country to country and if legal or other expert assistance is required, the services of a professional should be sought. The author and publisher specifically disclaim any liability that is incurred from the use or application of the contents of this book.

Copyright © 2011 by CASHFLOW Technologies, Inc. All rights reserved. Except as permitted under the U.S. Copyright Act of 1976, no part of this publication may be reproduced, distributed, or transmitted in any form or by any means or stored in a database or retrieval system, without the prior written permission of the publisher.

Published by Plata Publishing, LLC

CASHFLOW, Rich Dad, Rich Dad Advisors, ESBI, and are registered trademarks of CASHFLOW Technologies, Inc.



are registered trademarks of  
CASHFLOW Technologies, Inc.

Plata Publishing, LLC  
4330 N. Civic Center Plaza  
Suite 100  
Scottsdale, AZ 85251  
(480) 998-6971

Visit our websites: [PlataPublishing.com](http://PlataPublishing.com) and [RichDad.com](http://RichDad.com)  
Printed in the United States of America

First Edition: 1997  
First Plata Publishing Edition: March 2011  
032014

ISBN: 978-1-61268-000-2  
Cover photo credit: Seymour & Brody Studio

# RICH DAD POOR DAD

---

**WHAT THE RICH TEACH THEIR KIDS ABOUT MONEY—  
THAT THE POOR AND MIDDLE CLASS DO NOT!**

**BY ROBERT T. KIYOSAKI**

---





# **BEST-SELLING BOOKS**

**BY ROBERT T. KIYOSAKI**

***Rich Dad Poor Dad***

What the Rich Teach Their Kids About Money –  
That the Poor and Middle Class Do Not

***Rich Dad's CASHFLOW Quadrant***

Guide to Financial Freedom

***Rich Dad's Guide to Investing***

What the Rich Invest in That the Poor and Middle Class Do Not

***Rich Dad's Rich Kid Smart Kid***

Give Your Child a Financial Head Start

***Rich Dad's Retire Young Retire Rich***

How to Get Rich and Stay Rich

***Rich Dad's Prophecy***

Why the Biggest Stock Market Crash in History Is Still Coming...  
And How You Can Prepare Yourself and Profit from It!

***Rich Dad's Success Stories***

Real-Life Success Stories from Real-Life People  
Who Followed the Rich Dad Lessons

***Rich Dad's Guide to Becoming Rich  
Without Cutting Up Your Credit Cards***

Turn Bad Debt into Good Debt

***Rich Dad's Who Took My Money?***

Why Slow Investors Lose and Fast Money Wins!

***Rich Dad Poor Dad for Teens***

The Secrets About Money – That You Don't Learn In School!

***Escape the Rat Race***

Learn How Money Works and Become a Rich Kid

***Rich Dad's Before You Quit Your Job***

Ten Real-Life Lessons Every Entrepreneur Should Know  
About Building a Multimillion-Dollar Business

***Rich Dad's Increase Your Financial IQ***

Get Smarter with Your Money

***Robert Kiyosaki's Conspiracy of the Rich***

The 8 New Rules of Money

***Unfair Advantage***

The Power of Financial Education

***Why "A" Students Work for "C" Students***

Rich Dad's Guide to Financial Education for Parents



---

*To parents everywhere,  
a child's first and most important teachers,  
and to all those who educate, influence,  
and lead by example*

---



## *Acknowledgments*

---

How does a person say “thank you” when there are so many people to thank? Obviously this book is a thank you to my two fathers, who were powerful role models, and to my mom, who taught me love and kindness.

The person most responsible for this book becoming a reality is my wife Kim—my partner in marriage, business, and in life. She makes my life complete.

---



# *Contents*

---

## ***Introduction***

Rich Dad Poor Dad.....	1
------------------------	---

## ***Chapter One***

Lesson 1: The Rich Don't Work for Money .....	9
---	---

## ***Chapter Two***

Lesson 2: Why Teach Financial Literacy? .....	41
---	----

## ***Chapter Three***

Lesson 3: Mind Your Own Business .....	71
--	----

## ***Chapter Four***

Lesson 4: The History of Taxes and the Power of Corporations .....	79
--	----

## ***Chapter Five***

Lesson 5: The Rich Invent Money .....	91
---------------------------------------	----

## ***Chapter Six***

Lesson 6: Work to Learn—Don't Work for Money.....	115
---	-----

## ***Chapter Seven***

Overcoming Obstacles .....	129
----------------------------	-----

## ***Chapter Eight***

Getting Started .....	145
-----------------------	-----

## ***Chapter Nine***

Still Want More? Here Are Some To Do's .....	167
--	-----

---

<b><i>Final Thoughts</i></b> .....	173
------------------------------------	-----



## Introduction

# RICH DAD POOR DAD

---

*Having two dads offered me the choice of contrasting points of view: one of a rich man and one of a poor man.*

---

I had two fathers, a rich one and a poor one. One was highly educated and intelligent. He had a Ph.D. and completed four years of undergraduate work in less than two years. He then went on to Stanford University, the University of Chicago, and Northwestern University to do his advanced studies, all on full financial scholarships. The other father never finished the eighth grade.

Both men were successful in their careers, working hard all their lives. Both earned substantial incomes. Yet one always struggled financially. The other would become one of the richest men in Hawaii. One died leaving tens of millions of dollars to his family, charities, and his church. The other left bills to be paid.

Both men were strong, charismatic, and influential. Both men offered me advice, but they did not advise the same things. Both men believed strongly in education but did not recommend the same course of study.

If I had had only one dad, I would have had to accept or reject his advice. Having two dads offered me the choice of contrasting points of view: one of a rich man and one of a poor man.

Instead of simply accepting or rejecting one or the other, I found myself thinking more, comparing, and then choosing for myself. The problem was that the rich man was not rich yet, and the poor man

was not yet poor. Both were just starting out on their careers, and both were struggling with money and families. But they had very different points of view about money.

For example, one dad would say, “The love of money is the root of all evil.” The other said, “The lack of money is the root of all evil.”

As a young boy, having two strong fathers both influencing me was difficult. I wanted to be a good son and listen, but the two fathers did not say the same things. The contrast in their points of view, particularly about money, was so extreme that I grew curious and intrigued. I began to start thinking for long periods of time about what each was saying.

Much of my private time was spent reflecting, asking myself questions such as, “Why does he say that?” and then asking the same question of the other dad’s statement. It would have been much easier to simply say, “Yeah, he’s right. I agree with that.” Or to simply reject the point of view by saying, “The old man doesn’t know what he’s talking about.” Instead, having two dads whom I loved forced me to think and ultimately choose a way of thinking for myself. As a process, choosing for myself turned out to be much more valuable in the long run than simply accepting or rejecting a single point of view.

One of the reasons the rich get richer, the poor get poorer, and the middle class struggles in debt is that the subject of money is taught at home, not in school. Most of us learn about money from our parents. So what can poor parents tell their child about money? They simply say, “Stay in school and study hard.” The child may graduate with excellent grades, but with a poor person’s financial programming and mindset.

Sadly, money is not taught in schools. Schools focus on scholastic and professional skills, but not on financial skills. This explains how smart bankers, doctors, and accountants who earned excellent grades may struggle financially all of their lives. Our staggering national debt is due in large part to highly educated politicians and government officials making financial decisions with little or no training in the subject of money.

Today I often wonder what will soon happen when we have millions of people who need financial and medical assistance. They will be dependent upon their families or the government for financial support. What will happen when Medicare and Social Security run out of money? How will a nation survive if teaching children about money continues to be left to parents—most of whom will be, or already are, poor?

Because I had two influential fathers, I learned from both of them. I had to think about each dad's advice, and in doing so, I gained valuable insight into the power and effect of one's thoughts on one's life. For example, one dad had a habit of saying, "I can't afford it." The other dad forbade those words to be used. He insisted I ask, "How can I afford it?" One is a statement, and the other is a question. One lets you off the hook, and the other forces you to think. My soon-to-be-rich dad would explain that by automatically saying the words "I can't afford it," your brain stops working. By asking the question "How can I afford it?" your brain is put to work. He did not mean that you should buy everything you want. He was fanatical about exercising your mind, the most powerful computer in the world. He'd say, "My brain gets stronger every day because I exercise it. The stronger it gets, the more money I can make." He believed that automatically saying "I can't afford it" was a sign of mental laziness.

Although both dads worked hard, I noticed that one dad had a habit of putting his brain to sleep when it came to finances, and the other had a habit of exercising his brain. The long-term result was that one dad grew stronger financially, and the other grew weaker. It is not much different from a person who goes to the gym to exercise on a regular basis versus someone who sits on the couch watching television. Proper physical exercise increases your chances for health, and proper mental exercise increases your chances for wealth.

My two dads had opposing attitudes and that affected the way they thought. One dad thought that the rich should pay more in taxes to take care of those less fortunate. The other said, "Taxes punish those who produce and reward those who don't produce."

One dad recommended, “Study hard so you can find a good company to work for.” The other recommended, “Study hard so you can find a good company to buy.”

One dad said, “The reason I’m not rich is because I have you kids.” The other said, “The reason I must be rich is because I have you kids.”

One encouraged talking about money and business at the dinner table, while the other forbade the subject of money to be discussed over a meal.

One said, “When it comes to money, play it safe. Don’t take risks.” The other said, “Learn to manage risk.”

One believed, “Our home is our largest investment and our greatest asset.” The other believed, “My house is a liability, and if your house is your largest investment, you’re in trouble.”

Both dads paid their bills on time, yet one paid his bills first while the other paid his bills last.

One dad believed in a company or the government taking care of you and your needs. He was always concerned about pay raises, retirement plans, medical benefits, sick leave, vacation days, and other perks. He was impressed with two of his uncles who joined the military and earned a retirement-and-entitlement package for life after twenty years of active service. He loved the idea of medical benefits and PX privileges the military provided its retirees. He also loved the tenure system available through the university. The idea of job protection for life and job benefits seemed more important, at times, than the job. He would often say, “I’ve worked hard for the government, and I’m entitled to these benefits.”

The other believed in total financial self-reliance. He spoke out against the entitlement mentality and how it created weak and financially needy people. He was emphatic about being financially competent.

One dad struggled to save a few dollars. The other created investments. One dad taught me how to write an impressive resumé so I could find a good job. The other taught me how to write strong business and financial plans so I could create jobs.

Being a product of two strong dads allowed me the luxury of observing the effects different thoughts have on one's life. I noticed that people really do shape their lives through their thoughts.

For example, my poor dad always said, "I'll never be rich." And that prophecy became reality. My rich dad, on the other hand, always referred to himself as rich. He would say things like, "I'm a rich man, and rich people don't do this." Even when he was flat broke after a major financial setback, he continued to refer to himself as a rich man. He would cover himself by saying, "There is a difference between being poor and being broke. Broke is temporary. Poor is eternal."

My poor dad would say, "I'm not interested in money," or "Money doesn't matter." My rich dad always said, "Money is power."

The power of our thoughts may never be measured or appreciated, but it became obvious to me as a young boy that it was important

---

*There is a difference  
between being poor  
and being broke.*

*Broke is temporary.*

*Poor is eternal.*

---

to be aware of my thoughts and how I expressed myself. I noticed that my poor dad was poor, not because of the amount of money he earned, which was significant, but because of his thoughts and actions. As a young boy having two fathers, I became acutely aware of being

careful about which thoughts I chose to adopt as my own. Should I listen to my rich dad or to my poor dad?

Although both men had tremendous respect for education and learning, they disagreed about what they thought was important to learn. One wanted me to study hard, earn a degree, and get a good job to earn money. He wanted me to study to become a professional, an attorney or an accountant, and to go to business school for my MBA. The other encouraged me to study to be rich, to understand how money works, and to learn how to have it work for me. "I don't work for money!" were words he would repeat over and over. "Money works for me!"

At the age of nine, I decided to listen to and learn from my rich dad about money. In doing so, I chose not to listen to my poor dad, even though he was the one with all the college degrees.

## *A Lesson from Robert Frost*

Robert Frost is my favorite poet. Although I love many of his poems, my favorite is “The Road Not Taken.” I use its lesson almost daily.

### **The Road Not Taken**

Two roads diverged in a yellow wood,  
And sorry I could not travel both  
And be one traveler, long I stood  
And looked down one as far as I could  
To where it bent in the undergrowth;  
Then took the other, as just as fair,  
And having perhaps the better claim,  
Because it was grassy and wanted wear  
Though as for that the passing there  
Had worn them really about the same,  
And both that morning equally lay  
In leaves no step had trodden black.  
Oh, I kept the first for another day!  
Yet knowing how way leads onto way,  
I doubted if I should ever come back.  
I shall be telling this with a sigh  
Somewhere ages and ages hence;  
Two roads diverged in a wood, and I—  
I took the one less traveled by,  
And that has made all the difference.

And that has made all the difference.

Over the years, I have often reflected upon Robert Frost's poem. Choosing not to listen to my highly educated dad's advice and attitude about money was a painful decision, but it was a decision that shaped the rest of my life.

Once I made up my mind about whom to listen to, my education about money began. My rich dad taught me over a period of 30 years until I was 39 years old. He stopped once he realized that I knew and fully understood what he had been trying to drum into my often-thick skull.

Money is one form of power. But what is more powerful is financial education. Money comes and goes, but if you have the education about how money works, you gain power over it and can begin building wealth. The reason positive thinking alone does not work is because most people went to school and never learned how money works, so they spend their lives working for money.

Because I was only nine years old when I started, the lessons my rich dad taught me were simple. And when it was all said and done, there were only six main lessons, repeated over 30 years. This book is about those six lessons, put as simply as possible, just as simply as my rich dad put forth those lessons to me. The lessons are meant not to be answers, but guideposts that will assist you and your children to grow wealthier no matter what happens in a world of increasing change and uncertainty.



## Chapter One

# LESSON 1: THE RICH DON'T WORK FOR MONEY

---

*The poor and the middle class work for money.*

*The rich have money work for them.*

---

"Dad, can you tell me how to get rich?"

My dad put down the evening paper. "Why do you want to get rich, Son?"

"Because today Jimmy's mom drove up in their new Cadillac, and they were going to their beach house for the weekend. He took three of his friends, but Mike and I weren't invited. They told us we weren't invited because we were poor kids."

"They did?" my dad asked incredulously.

"Yeah, they did," I replied in a hurt tone.

My dad silently shook his head, pushed his glasses up the bridge of his nose, and went back to reading the paper. I stood waiting for an answer.

The year was 1956. I was nine years old. By some twist of fate, I attended the same public school where the rich people sent their kids. We were primarily a sugar-plantation town. The managers of the plantation and the other affluent people, such as doctors, business owners, and bankers, sent their children to this elementary school. After grade six, their children were generally sent off to private schools. Because my family lived on one side of the street, I went to this school. Had I lived on the other side of the street, I would

have gone to a different school with kids from families more like mine. After grade six, these kids and I would go on to the public intermediate and high school. There was no private school for them or for me.

My dad finally put down the paper. I could tell he was thinking.

“Well, Son...,” he began slowly. “If you want to be rich, you have to learn to make money.”

“How do I make money?” I asked.

“Well, use your head, Son,” he said, smiling. Even then I knew that really meant, “That’s all I’m going to tell you,” or “I don’t know the answer, so don’t embarrass me.”

### ***A Partnership Is Formed***

The next morning, I told my best friend, Mike, what my dad had said. As best as I could tell, Mike and I were the only poor kids in this school. Mike was also in this school by a twist of fate. Someone had drawn a jog in the line for the school district, and we wound up in school with the rich kids. We weren’t really poor, but we felt as if we were because all the other boys had new baseball gloves, new bicycles, new everything.

Mom and Dad provided us with the basics, like food, shelter, and clothes. But that was about it. My dad used to say, “If you want something, work for it.” We wanted things, but there was not much work available for nine-year-old boys.

“So what do we do to make money?” Mike asked.

“I don’t know,” I said. “But do you want to be my partner?”

He agreed, and so on that Saturday morning, Mike became my first business partner. We spent all morning coming up with ideas on how to make money. Occasionally we talked about all the “cool guys” at Jimmy’s beach house having fun. It hurt a little, but that hurt was good, because it inspired us to keep thinking of a way to make money. Finally, that afternoon, a bolt of lightning struck. It was an idea Mike got from a science book he had read. Excitedly, we shook hands, and the partnership now had a business.

For the next several weeks, Mike and I ran around our neighborhood, knocking on doors and asking our neighbors if they would save their toothpaste tubes for us. With puzzled looks, most adults consented with a smile. Some asked us what we were doing, to which we replied, "We can't tell you. It's a business secret."

My mom grew distressed as the weeks wore on. We had selected a site next to her washing machine as the place we would stockpile our raw materials. In a brown cardboard box that at one time held catsup bottles, our little pile of used toothpaste tubes began to grow.

Finally my mom put her foot down. The sight of her neighbors' messy, crumpled, used toothpaste tubes had gotten to her. "What are you boys doing?" she asked. "And I don't want to hear again that it's a business secret. Do something with this mess, or I'm going to throw it out."

Mike and I pleaded and begged, explaining that we would soon have enough and then we would begin production. We informed her that we were waiting on a couple of neighbors to finish their toothpaste so we could have their tubes. Mom granted us a one-week extension.

The date to begin production was moved up, and the pressure was on. My first partnership was already being threatened with an eviction notice by my own mom! It became Mike's job to tell the neighbors to quickly use up their toothpaste, saying their dentist wanted them to brush more often anyway. I began to put together the production line.

One day my dad drove up with a friend to see two nine-year-old boys in the driveway with a production line operating at full speed. There was fine white powder everywhere. On a long table were small milk cartons from school, and our family's hibachi grill was glowing with red-hot coals at maximum heat.

Dad walked up cautiously, having to park the car at the base of the driveway since the production line blocked the carport. As he and his friend got closer, they saw a steel pot sitting on top of the coals in which the toothpaste tubes were being melted down. In those days, toothpaste did not come in plastic tubes. The tubes were made of lead. So once the paint was burned off, the tubes were dropped in the small steel pot. They melted until they became liquid, and with my

mom's pot holders, we poured the lead through a small hole in the top of the milk cartons.

The milk cartons were filled with plaster of paris. White powder was everywhere. In my haste, I had knocked the bag over, and the entire area looked like it had been hit by a snowstorm. The milk cartons were the outer containers for plaster of paris molds.

My dad and his friend watched as we carefully poured the molten lead through a small hole in the top of the plaster of paris cube.

"Careful," my dad said.

I nodded without looking up.

Finally, once the pouring was through, I put the steel pot down and smiled at my dad.

"What are you boys doing?" he asked with a cautious smile.

"We're doing what you told me to do. We're going to be rich," I said.

"Yup," said Mike, grinning and nodding his head. "We're partners."

"And what is in those plaster molds?" my dad asked.

"Watch," I said. "This should be a good batch."

With a small hammer, I tapped at the seal that divided the cube in half. Cautiously, I pulled up the top half of the plaster mold and a lead nickel fell out.

"Oh, no!" my dad exclaimed. "You're casting nickels out of lead!"

"That's right," Mike said. "We're doing as you told us to do. We're making money."

My dad's friend turned and burst into laughter. My dad smiled and shook his head. Along with a fire and a box of spent toothpaste tubes, in front of him were two little boys covered with white dust smiling from ear to ear.

He asked us to put everything down and sit with him on the front step of our house. With a smile, he gently explained what the word "counterfeiting" meant.

Our dreams were dashed. "You mean this is illegal?" asked Mike in a quivering voice.

"Let them go," my dad's friend said. "They might be developing a natural talent."

My dad glared at him.

"Yes, it is illegal," my dad said gently. "But you boys have shown great creativity and original thought. Keep going. I'm really proud of you!"

Disappointed, Mike and I sat in silence for about twenty minutes before we began cleaning up our mess. The business was over on opening day. Sweeping the powder up, I looked at Mike and said, "I guess Jimmy and his friends are right. We are poor."

My father was just leaving as I said that. "Boys," he said. "You're only poor if you give up. The most important thing is that you did something. Most people only talk and dream of getting rich. You've done something. I'm very proud of the two of you. I will say it again: Keep going. Don't quit."

Mike and I stood there in silence. They were nice words, but we still did not know what to do.

"So how come you're not rich, Dad?" I asked.

"Because I chose to be a schoolteacher. Schoolteachers really don't think about being rich. We just like to teach. I wish I could help you, but I really don't know how to make money."

Mike and I turned and continued our cleanup.

"I know," said my dad. "If you boys want to learn how to be rich, don't ask me. Talk to your dad, Mike."

"My dad?" asked Mike with a scrunched-up face.

"Yeah, your dad," repeated my dad with a smile. "Your dad and I have the same banker, and he raves about your father. He's told me several times that your father is brilliant when it comes to making money."

"My dad?" Mike asked again in disbelief. "Then how come we don't have a nice car and a nice house like the rich kids at school?"

"A nice car and a nice house don't necessarily mean you're rich or you know how to make money," my dad replied. "Jimmy's dad works for

the sugar plantation. He's not much different from me. He works for a company, and I work for the government. The company buys the car for him. The sugar company is in financial trouble, and Jimmy's dad may soon have nothing. Your dad is different, Mike. He seems to be building an empire, and I suspect in a few years he will be a very rich man."

With that, Mike and I got excited again. With new vigor, we began cleaning up the mess caused by our now-defunct first business. As we were cleaning, we made plans for how and when to talk to Mike's dad. The problem was that Mike's dad worked long hours and often did not come home until late. His father owned warehouses, a construction company, a chain of stores, and three restaurants. It was the restaurants that kept him out late.

Mike caught the bus home after we had finished cleaning up. He was going to talk to his dad when he got home that night and ask him if he would teach us how to become rich. Mike promised to call as soon as he had talked to his dad, even if it was late.

The phone rang at 8:30 p.m.

"Okay," I said. "Next Saturday." I put the phone down. Mike's dad had agreed to meet with us.

On Saturday I caught the 7:30 a.m. bus to the poor side of town.

### ***The Lessons Begin***

Mike and I met with his dad that morning at eight o'clock. He was already busy, having been at work for more than an hour. His construction supervisor was just leaving in his pickup truck as I walked up to his simple, small, and tidy home. Mike met me at the door.

"Dad's on the phone, and he said to wait on the back porch," Mike said as he opened the door.

The old wooden floor creaked as I stepped across the threshold of the aging house. There was a cheap mat just inside the door. The mat was there to hide the years of wear from countless footsteps that the floor had supported. Although clean, it needed to be replaced.

I felt claustrophobic as I entered the narrow living room that was filled with old musty overstuffed furniture that today would be collectors' items. Sitting on the couch were two women, both a little

older than my mom. Across from the women sat a man in workman's clothes. He wore khaki slacks and a khaki shirt, neatly pressed but without starch, and polished work boots. He was about 10 years older than my dad. They smiled as Mike and I walked past them toward the back porch. I smiled back shyly.

"Who are those people?" I asked.

"Oh, they work for my dad. The older man runs his warehouses, and the women are the managers of the restaurants. And as you arrived, you saw the construction supervisor who is working on a road project about 50 miles from here. His other supervisor, who is building a track of houses, left before you got here."

"Does this go on all the time?" I asked.

"Not always, but quite often," said Mike, smiling as he pulled up a chair to sit down next to me.

"I asked my dad if he would teach us to make money," Mike said.

"Oh, and what did he say to that?" I asked with cautious curiosity.

"Well, he had a funny look on his face at first, and then he said he would make us an offer."

"Oh," I said, rocking my chair back against the wall. I sat there perched on two rear legs of the chair.

Mike did the same thing.

"Do you know what the offer is?" I asked.

"No, but we'll soon find out."

Suddenly, Mike's dad burst through the rickety screen door and onto the porch. Mike and I jumped to our feet, not out of respect, but because we were startled.

"Ready, boys?" he asked as he pulled up a chair to sit down with us.

We nodded our heads as we pulled our chairs away from the wall to sit in front of him.

He was a big man, about six feet tall and 200 pounds. My dad was taller, about the same weight, and five years older than Mike's dad. They sort of looked alike, though not of the same ethnic makeup. Maybe their energy was similar.

“Mike says you want to learn to make money? Is that correct, Robert?”

I nodded my head quickly, but with a little trepidation. He had a lot of power behind his words and smile.

“Okay, here’s my offer. I’ll teach you, but I won’t do it classroom-style. You work for me, I’ll teach you. You don’t work for me, I won’t teach you. I can teach you faster if you work, and I’m wasting my time if you just want to sit and listen like you do in school. That’s my offer. Take it or leave it.”

“Ah, may I ask a question first?” I asked.

“No. Take it or leave it. I’ve got too much work to do to waste my time. If you can’t make up your mind decisively, then you’ll never learn to make money anyway. Opportunities come and go. Being able to know when to make quick decisions is an important skill. You have the opportunity that you asked for. School is beginning, or it’s over in 10 seconds,” Mike’s dad said with a teasing smile.

“Take it,” I said.

“Take it,” said Mike.

“Good,” said Mike’s dad. “Mrs. Martin will be by in 10 minutes. After I’m through with her, you’ll ride with her to my supermarket and you can begin working. I’ll pay you 10 cents an hour, and you’ll work three hours every Saturday.”

“But I have a softball game today,” I said.

Mike’s dad lowered his voice to a stern tone. “Take it, or leave it,” he said.

“I’ll take it,” I replied, choosing to work and learn instead of playing.

### ***Thirty Cents Later***

By 9:00 a.m. that day, Mike and I were working for Mrs. Martin. She was a kind and patient woman. She always said that Mike and I reminded her of her two grown sons. Although kind, she believed in hard work and kept us moving. We spent three hours taking canned goods off the shelves, brushing each can with a feather duster to get the dust off, and then re-stacking them neatly. It was excruciatingly boring work.

Mike's dad, whom I call my rich dad, owned nine of these little superettes, each with a large parking lot. They were the early version of the 7-Eleven convenience stores, little neighborhood grocery stores where people bought items such as milk, bread, butter, and cigarettes. The problem was that this was Hawaii before air-conditioning was widely used, and the stores could not close their doors because of the heat. On two sides of the store, the doors had to be wide open to the road and parking lot. Every time a car drove by or pulled into the parking lot, dust would swirl and settle in the store. We knew we had a job as long as there was no air-conditioning.

For three weeks, Mike and I reported to Mrs. Martin and worked our three hours. By noon, our work was over, and she dropped three little dimes in each of our hands. Now, even at the age of nine in the mid-1950s, 30 cents was not too exciting. Comic books cost 10 cents back then, so I usually spent my money on comic books and went home.

By Wednesday of the fourth week, I was ready to quit. I had agreed to work only because I wanted to learn to make money from Mike's dad, and now I was a slave for 10 cents an hour. On top of that, I had not seen Mike's dad since that first Saturday.

"I'm quitting," I told Mike at lunchtime. School was boring, and now I did not even have my Saturdays to look forward to. But it was the 30 cents that really got to me.

This time Mike smiled.

"What are you laughing at?" I asked with anger and frustration.

"Dad said this would happen. He said to meet with him when you were ready to quit."

"What?" I said indignantly. "He's been waiting for me to get fed up?"

"Sort of," Mike said. "Dad's kind of different. He doesn't teach like your dad. Your mom and dad lecture a lot. My dad is quiet and a man of few words. You just wait till this Saturday. I'll tell him you're ready."

"You mean I've been set up?"

"No, not really, but maybe. Dad will explain on Saturday."

## ***Waiting in Line on Saturday***

I was ready to face Mike's dad. Even my real dad was angry with him. My real dad, the one I call the poor one, thought that my rich dad was violating child labor laws and should be investigated.

My educated, poor dad told me to demand what I deserve—at least 25 cents an hour. My poor dad told me that if I did not get a raise, I was to quit immediately.

"You don't need that damned job anyway," said my poor dad with indignation.

At eight o'clock Saturday morning, I walked through the door of Mike's house when Mike's dad opened it.

"Take a seat and wait in line," he said as I entered. He turned and disappeared into his little office next to a bedroom.

I looked around the room and didn't see Mike anywhere. Feeling awkward, I cautiously sat down next to the same two women who were there four weeks earlier. They smiled and slid down the couch to make room for me.

Forty-five minutes went by, and I was steaming. The two women had met with him and left 30 minutes earlier. An older gentleman was in there for 20 minutes and was also gone.

The house was empty, and here I sat in a musty, dark living room on a beautiful sunny Hawaiian day, waiting to talk to a cheapskate who exploited children. I could hear him rustling around the office, talking on the phone, and ignoring me. I was ready to walk out, but for some reason I stayed.

Finally, 15 minutes later, at exactly nine o'clock, rich dad walked out of his office, said nothing, and signaled with his hand for me to enter.

"I understand you want a raise, or you're going to quit," rich dad said as he swiveled in his office chair.

"Well, you're not keeping your end of the bargain," I blurted out, nearly in tears. It was really frightening for me to confront a grown-up.

"You said that you would teach me if I worked for you. Well, I've worked for you. I've worked hard. I've given up my baseball games to work for you, but you haven't kept your word, and you haven't taught

me anything. You are a crook like everyone in town thinks you are. You're greedy. You want all the money and don't take care of your employees. You made me wait and don't show me any respect. I'm only a little boy, but I deserve to be treated better."

Rich dad rocked back in his swivel chair, hands up to his chin, and stared at me.

"Not bad," he said. "In less than a month, you sound like most of my employees."

"What?" I asked. Not understanding what he was saying, I continued with my grievance. "I thought you were going to keep your end of the bargain and teach me. Instead you want to torture me? That's cruel. That's really cruel."

"I am teaching you," rich dad said quietly.

"What have you taught me? Nothing!" I said angrily. "You haven't even talked to me once since I agreed to work for peanuts. Ten cents an hour. Hah! I should notify the government about you. We have child labor laws, you know. My dad works for the government, you know."

"Wow!" said rich dad. "Now you sound just like most of the people who used to work for me—people I've either fired or who have quit."

"So what do you have to say?" I demanded, feeling pretty brave for a little kid. "You lied to me. I've worked for you, and you have not kept your word. You haven't taught me anything."

"How do you know that I've not taught you anything?" asked rich dad calmly.

"Well, you've never talked to me. I've worked for three weeks and you have not taught me anything," I said with a pout.

"Does teaching mean talking or a lecture?" rich dad asked.

"Well, yes," I replied.

"That's how they teach you in school," he said, smiling. "But that is not how life teaches you, and I would say that life is the best teacher of all. Most of the time, life does not talk to you. It just sort of pushes you around. Each push is life saying, 'Wake up. There's something I want you to learn.'"

“What is this man talking about?” I asked myself silently. “Life pushing me around was life talking to me?” Now I knew I had to quit my job. I was talking to someone who needed to be locked up.

“If you learn life’s lessons, you will do well. If not, life will just continue to push you around. People do two things. Some just let life push them around. Others get angry and push back. But they push back against their boss, or their job, or their husband or wife. They do not know it’s life that’s pushing.”

I had no idea what he was talking about.

“Life pushes all of us around. Some people give up and others fight. A few learn the lesson and move on. They welcome life pushing them around. To these few people, it means they need and want to learn something. They learn and move on. Most quit, and a few like you fight.”

Rich dad stood and shut the creaky old wooden window that needed repair. “If you learn this lesson, you will grow into a wise, wealthy, and happy young man. If you don’t, you will spend your life blaming a job, low pay, or your boss for your problems. You’ll live life always hoping for that big break that will solve all your money problems.”

Rich dad looked over at me to see if I was still listening. His eyes met mine. We stared at each other, communicating through our eyes. Finally, I looked away once I had absorbed his message. I knew he was right. I was blaming him, and I did ask to learn. I was fighting.

Rich dad continued, “Or if you’re the kind of person who has no guts, you just give up every time life pushes you. If you’re that kind of person, you’ll live all your life playing it safe, doing the right things, saving yourself for some event that never happens. Then you die a boring old man. You’ll have lots of friends who really like you because you were such a nice hardworking guy. But the truth is that you let life push you into submission. Deep down you were terrified of taking risks. You really wanted to win, but the fear of losing was greater than the excitement of winning. Deep inside, you and only you will know you didn’t go for it. You chose to play it safe.”

Our eyes met again.

"You've been pushing me around?" I asked.

"Some people might say that," smiled rich dad. "I would say that I just gave you a taste of life."

"What taste of life?" I asked, still angry, but now curious and ready to learn.

"You boys are the first people who have ever asked me to teach them how to make money. I have more than 150 employees, and not one of them has asked me what I know about money. They ask me for a job and a paycheck, but never to teach them about money. So most will spend the best years of their lives working for money, not really understanding what it is they are working for."

I sat there listening intently.

"So when Mike told me you wanted to learn how to make money, I decided to design a course that mirrored real life. I could talk until I was blue in the face, but you wouldn't hear a thing. So I decided to let life push you around a bit so you could hear me. That's why I only paid you 10 cents."

"So what is the lesson I learned from working for only 10 cents an hour?" I asked. "That you're cheap and exploit your workers?"

Rich dad rocked back and laughed heartily. Finally he said, "You'd best change your point of view. Stop blaming me and thinking I'm the problem. If you think I'm the problem, then you have to change me. If you realize that you're the problem, then you can change yourself, learn something, and grow wiser. Most people want everyone else in the world to change but themselves. Let me tell you, it's easier to change yourself than everyone else."

"I don't understand," I said.

"Don't blame me for your problems," rich dad said, growing impatient.

"But you only pay me 10 cents."

"So what are you learning?" rich dad asked, smiling.

"That you're cheap," I said with a sly grin.

"See, you think I'm the problem," said rich dad.

“But you are.”

“Well, keep that attitude and you’ll learn nothing. Keep the attitude that I’m the problem and what choices do you have?”

“Well, if you don’t pay me more or show me more respect and teach me, I’ll quit.”

“Well put,” rich dad said. “And that’s exactly what most people do. They quit and go looking for another job, a better opportunity, and higher pay, actually thinking that this will solve the problem. In most cases, it won’t.”

“So what should I do?” I asked. “Just take this measly 10 cents an hour and smile?”

Rich dad smiled. “That’s what the other people do. But that’s all they do, waiting for a raise thinking that more money will solve their problems. Most just accept it, and some take a second job working harder, but again accepting a small paycheck.”

I sat staring at the floor, beginning to understand the lesson rich dad was presenting. I could sense it was a taste of life. Finally, I looked up and asked, “So what will solve the problem?”

“This,” he said, leaning forward in his chair and tapping me gently on the head. “This stuff between your ears.”

It was at that moment that rich dad shared the pivotal point of view that separated him from his employees and my poor dad—and led him to eventually become one of the richest men in Hawaii, while my highly educated but poor dad struggled financially all his life. It was a singular point of view that made all the difference over a lifetime.

Rich dad explained this point of view over and over, which I call lesson number one: *The poor and the middle class work for money. The rich have money work for them.*

On that bright Saturday morning, I learned a completely different point of view from what I had been taught by my poor dad. At the age of nine, I understood that both dads wanted me to learn. Both dads encouraged me to study, but not the same things.

My highly educated dad recommended that I do what he did. “Son, I want you to study hard, get good grades, so you can find a safe, secure job with a big company. And make sure it has excellent benefits.” My rich dad wanted me to learn how money works so I could make it work for me.

These lessons I would learn through life with his guidance, not because of a classroom.

My rich dad continued my first lesson, “I’m glad you got angry about working for 10 cents an hour. If you hadn’t got angry and had simply accepted it, I would have to tell you that I could not teach you. You see, true learning takes energy, passion, and a burning desire. Anger is a big part of that formula, for passion is anger and love combined. When it comes to money, most people want to play it safe and feel secure. So passion does not direct them. Fear does.”

“So is that why they’ll take jobs with low pay?” I asked.

“Yes,” said rich dad. “Some people say I exploit people because I don’t pay as much as the sugar plantation or the government. I say the people exploit themselves. It’s their fear, not mine.”

“But don’t you feel you should pay them more?” I asked.

“I don’t have to. And besides, more money will not solve their problems. Just look at your dad. He makes a lot of money, and he still can’t pay his bills. Most people, given more money, only get into more debt.”

“So that’s why the 10 cents an hour,” I said, smiling. “It’s a part of the lesson.”

“That’s right,” smiled rich dad. “You see, your dad went to school and got an excellent education, so he could get a high-paying job. But he still has money problems because he never learned anything about money in school. On top of that, he believes in working for money.”

“And you don’t?” I asked.

“No, not really,” said rich dad. “If you want to learn to work for money, then stay in school. That is a great place to learn to do that. But if you want to learn how to have money work for you, then I will teach you that. But only if you want to learn.”

“Wouldn’t everyone want to learn that?” I asked.

“No,” said rich dad, “simply because it’s easier to learn to work for money, especially if fear is your primary emotion when the subject of money is discussed.”

“I don’t understand,” I said with a frown.

“Don’t worry about that for now. Just know that it’s fear that keeps most people working at a job: the fear of not paying their bills, the fear of being fired, the fear of not having enough money, and the fear of starting over. That’s the price of studying to learn a profession or trade, and then working for money. Most people become a slave to money—and then get angry at their boss.”

“Learning to have money work for you is a completely different course of study?” I asked.

“Absolutely,” rich dad answered. “Absolutely.”

We sat in silence on that beautiful Hawaiian Saturday morning. My friends had just started their Little League baseball game, but for some reason I was now thankful I had decided to work for 10 cents an hour. I sensed that I was about to learn something my friends wouldn’t learn in school.

“Ready to learn?” asked rich dad.

“Absolutely,” I said with a grin.

“I have kept my promise. I’ve been teaching you from afar,” my rich dad said. “At nine years old, you’ve gotten a taste of what it feels like to work for money. Just multiply your last month by fifty years and you will have an idea of what most people spend their life doing.”

“I don’t understand,” I said.

“How did you feel waiting in line to see me, once to get hired and once to ask for more money?”

“Terrible,” I said.

“If you choose to work for money, that is what life will be like,” said rich dad.

“And how did you feel when Mrs. Martin dropped three dimes in your hand for three hours of work?”

"I felt like it wasn't enough. It seemed like nothing. I was disappointed," I said.

"And that is how most employees feel when they look at their paychecks—especially after all the tax and other deductions are taken out. At least you got 100 percent."

"You mean most workers don't get paid everything?" I asked with amazement.

"Heavens no!" said rich dad. "The government always takes its share first."

"How do they do that?" I asked.

"Taxes," said rich dad. "You're taxed when you earn. You're taxed when you spend. You're taxed when you save. You're taxed when you die."

"Why do people let the government do that to them?"

"The rich don't," said rich dad with a smile. "The poor and the middle class do. I'll bet you that I earn more than your dad, yet he pays more in taxes."

"How can that be?" I asked. At my age, that made no sense to me.  
"Why would someone let the government do that to them?"

Rich dad rocked slowly and silently in his chair, just looking at me.  
"Ready to learn?" he asked.

I nodded my head slowly.

"As I said, there is a lot to learn. Learning how to have money work for you is a lifetime study. Most people go to college for four years, and their education ends. I already know that my study of money will continue over my lifetime, simply because the more I find out, the more I find out I need to know. Most people never study the subject. They go to work, get their paycheck, balance their checkbooks, and that's it. Then they wonder why they have money problems. They think that more money will solve the problem and don't realize that it's their lack of financial education that is the problem."

"So my dad has tax problems because he doesn't understand money?" I asked, confused.

“Look,” said rich dad, “taxes are just one small section on learning how to have money work for you. Today, I just wanted to find out if you still have the passion to learn about money. Most people don’t. They want to go to school, learn a profession, have fun at their work, and earn lots of money. One day they wake up with big money problems, and then they can’t stop working. That’s the price of only knowing how to work for money instead of studying how to have money work for you. So do you still have the passion to learn?” asked rich dad.

I nodded my head.

“Good,” said rich dad. “Now get back to work. This time, I will pay you nothing.”

“What?” I asked in amazement.

“You heard me. Nothing. You will work the same three hours every Saturday, but this time you will not be paid 10 cents per hour. You said you wanted to learn to not work for money, so I’m not going to pay you anything.”

I couldn’t believe what I was hearing.

“I’ve already had this conversation with Mike and he’s already working, dusting and stacking canned goods for free. You’d better hurry and get back there.”

“That’s not fair,” I shouted. “You’ve got to pay something!”

“You said you wanted to learn. If you don’t learn this now, you’ll grow up to be like the two women and the older man sitting in my living room, working for money and hoping I don’t fire them. Or like your dad, earning lots of money only to be in debt up to his eyeballs, hoping more money will solve the problem. If that’s what you want, I’ll go back to our original deal of 10 cents an hour. Or you can do what most adults do: Complain that there is not enough pay, quit, and go looking for another job.”

“But what do I do?” I asked.

Rich dad tapped me on the head. “Use this,” he said. “If you use it well, you will soon thank me for giving you an opportunity and you will grow into a rich man.”

I stood there, still not believing what a raw deal I was handed. I came to ask for a raise, and somehow I was instead working for nothing.

Rich dad tapped me on the head again and said, “Use this. Now get out of here and get back to work.”

### ***Lesson #1: The Rich Don’t Work for Money***

I didn’t tell my poor dad I wasn’t being paid. He wouldn’t have understood, and I didn’t want to try to explain something I didn’t understand myself.

For three more weeks, Mike and I worked three hours every Saturday for nothing. The work didn’t bother me, and the routine got easier, but it was the missed baseball games and not being able to afford to buy a few comic books that got to me.

Rich dad stopped by at noon on the third week. We heard his truck pull up in the parking lot and sputter when the engine was turned off. He entered the store and greeted Mrs. Martin with a hug. After finding out how things were going in the store, he reached into the ice-cream freezer, pulled out two bars, paid for them, and signaled to Mike and me.

“Let’s go for a walk, boys.”

We crossed the street, dodging a few cars, and walked across a large grassy field where a few adults were playing softball. Sitting down at a lone picnic table, he handed Mike and me the treats.

“How’s it going, boys?”

“Okay,” Mike said.

I nodded in agreement.

“Learn anything yet?” rich dad asked.

Mike and I looked at each other, shrugged our shoulders, and shook our heads in unison.

### ***Avoiding One of Life’s Biggest Traps***

“Well, you boys had better start thinking. You’re staring at one of life’s biggest lessons. If you learn it, you’ll enjoy a life of great freedom

and security. If you don't, you'll wind up like Mrs. Martin and most of the people playing softball in this park. They work very hard for little money, clinging to the illusion of job security and looking forward to a three-week vacation each year and maybe a skimpy pension after forty-five years of service. If that excites you, I'll give you a raise to 25 cents an hour."

"But these are good hardworking people. Are you making fun of them?" I demanded.

A smile came over rich dad's face.

"Mrs. Martin is like a mother to me. I would never be that cruel. I may sound unkind because I'm doing my best to point something out to the two of you. I want to expand your point of view so you can see something most people never have the benefit of seeing because their vision is too narrow. Most people never see the trap they are in."

Mike and I sat there, uncertain of his message. He sounded cruel, yet we could sense he was trying to drive home a point.

With a smile, rich dad said, "Doesn't that 25 cents an hour sound good? Doesn't it make your heart beat a little faster?"

I shook my head no, but it really did. Twenty-five cents an hour would be big bucks to me.

"Okay, I'll pay you a dollar an hour," rich dad said, with a sly grin.

Now my heart started to race. My brain was screaming, "Take it. Take it." I could not believe what I was hearing. Still, I said nothing.

"Okay, two dollars an hour."

My little brain and heart nearly exploded. After all, it was 1956 and being paid \$2 an hour would have made me the richest kid in the world. I couldn't imagine earning that kind of money. I wanted to say yes. I wanted the deal. I could picture a new bicycle, new baseball glove, and the adoration of my friends when I flashed some cash. On top of that, Jimmy and his rich friends could never call me poor again. But somehow my mouth stayed shut.

The ice cream had melted and was running down my hand. Rich dad was looking at two boys staring back at him, eyes wide open and brains empty. He was testing us, and he knew there was a part of our

emotions that wanted to take the deal. He understood that every person has a weak and needy part of their soul that can be bought, and he knew that every individual also had a part of their soul that was resilient and could never be bought. It was only a question of which one was stronger.

“Okay, five dollars an hour.”

Suddenly I was silent. Something had changed. The offer was too big and ridiculous. Not many grown-ups in 1956 made more than that, but quickly my temptation disappeared, and calm set in. Slowly, I turned to my left to look at Mike. He looked back at me. The part of my soul that was weak and needy was silenced. The part of me that

---

*People's lives are  
forever controlled  
by two emotions:  
fear and greed.*

---

had no price took over. I knew Mike had gotten to that point too.

“Good,” rich dad said softly. “Most people have a price. And they have a price because of human emotions named fear and greed. First, the fear of being

without money motivates us to work hard, and then once we get that paycheck, greed or desire starts us thinking about all the wonderful things money can buy. The pattern is then set.”

“What pattern?” I asked.

“The pattern of get up, go to work, pay bills; get up, go to work, pay bills. People's lives are forever controlled by two emotions: fear and greed. Offer them more money and they continue the cycle by increasing their spending. This is what I call the Rat Race.”

“There is another way?” Mike asked.

“Yes,” said rich dad slowly. “But only a few people find it.”

“And what is that way?” Mike asked.

“That's what I hope you boys will learn as you work and study with me. That is why I took away all forms of pay.”

“Any hints?” Mike asked. “We're kind of tired of working hard, especially for nothing.”

“Well, the first step is telling the truth,” said rich dad.

“We haven't been lying,” I said.

“I did not say you were lying. I said to tell the truth,” rich dad retorted.

“The truth about what?” I asked.

“How you’re feeling,” rich dad said. “You don’t have to say it to anyone else. Just admit it to yourself.”

“You mean the people in this park, the people who work for you, Mrs. Martin, they don’t do that?” I asked.

“I doubt it,” said rich dad. “Instead, they feel the fear of not having money. They don’t confront it logically. They react emotionally instead of using their heads,” rich dad said. “Then, they get a few bucks in their hands and again, the emotions of joy, desire, and greed take over. And again they react, instead of think.”

“So their emotions control their brain,” Mike said.

“That’s correct,” said rich dad. “Instead of admitting the truth about how they feel, they react to their feelings and fail to think. They feel the fear so they go to work, hoping that money will soothe the fear, but it doesn’t. It continues to haunt them and they return to work, hoping again that money will calm their fears, and again it doesn’t. Fear keeps them in this trap of working, earning money, working, earning money, hoping the fear will go away. But every day they get up, and that old fear wakes up with them. For millions of people that old fear keeps them awake all night, causing a night of turmoil and worry. So they get up and go to work, hoping that a paycheck will kill that fear gnawing at their soul. Money is running their lives, and they refuse to tell the truth about that. Money is in control of their emotions and their souls.”

Rich dad sat quietly, letting his words sink in. Mike and I heard what he said but didn’t understand fully what he was talking about. I just knew that I often wondered why grown-ups hurried off to work. It did not seem like much fun, and they never looked that happy, but something kept them going.

Realizing we had absorbed as much as possible of what he was talking about, rich dad said, “I want you boys to avoid that trap. That is really what I want to teach you. Not just to be rich, because being rich does not solve the problem.”

"It doesn't?" I asked, surprised.

"No, it doesn't. Let me explain the other emotion: desire. Some call it greed, but I prefer desire. It's perfectly normal to desire something better, prettier, more fun, or exciting. So people also work for money because of desire. They desire money for the joy they think it can buy. But the joy that money brings is often short-lived, and they soon need more money for more joy, more pleasure, more comfort, and more security. So they keep working, thinking money will soothe their souls that are troubled by fear and desire. But money can't do that."

"Even rich people do this?" Mike asked.

"Rich people included," said rich dad. "In fact, the reason many rich people are rich isn't because of desire, but because of fear. They believe that money can eliminate the fear of being poor, so they amass tons of it, only to find the fear gets worse. Now they fear losing the money. I have friends who keep working even though they have plenty. I know people who have millions who are more afraid now than when they were poor. They're terrified of losing it all. The fears that drove them to get rich got worse. That weak and needy part of their soul is actually screaming louder. They don't want to lose the big houses, the cars and the high life money has bought them. They worry about what their friends would say if they lost all their money. Many are emotionally desperate and neurotic, although they look rich and have more money."

"So is a poor man happier?" I asked.

"No, I don't think so," replied rich dad. "The avoidance of money is just as psychotic as being attached to money."

As if on cue, the town derelict went past our table, stopping by the large rubbish can and rummaging around in it. The three of us watched him with great interest, when before we probably would have just ignored him.

Rich dad pulled a dollar out of his wallet and gestured to the older man. Seeing the money, the derelict came over immediately, took the bill, thanked rich dad profusely, and hurried off, ecstatic with his good fortune.

"He's not much different from most of my employees," said rich dad. "I've met so many people who say, 'Oh, I'm not interested in

money.’ Yet they’ll work at a job for eight hours a day. That’s a denial of truth. If they weren’t interested in money, then why are they working? That kind of thinking is probably more psychotic than a person who hoards money.”

As I sat there listening to my rich dad, my mind flashed back to the countless times my own dad said, “I’m not interested in money.”

---

*So many people say,  
“Oh, I’m not  
interested in money.”  
Yet they’ll work  
at a job for  
eight hours a day.*

---

He said those words often. He also covered himself by always saying, “I work because I love my job.”

“So what do we do?” I asked. “Not work for money until all traces of fear and greed are gone?”

“No, that would be a waste of time,” said rich dad. “Emotions are what make

us human. The word ‘emotion’ stands for ‘energy in motion.’ Be truthful about your emotions and use your mind and emotions in your favor, not against yourself.”

“Whoa!” said Mike.

“Don’t worry about what I just said. It will make more sense in years to come. Just be an observer, not a reactor, to your emotions. Most people do not know that it’s their emotions that are doing the thinking. Your emotions are your emotions, but you have got to learn to do your own thinking.”

“Can you give me an example?” I asked.

“Sure,” replied rich dad. “When a person says, ‘I need to find a job,’ it’s most likely an emotion doing the thinking. Fear of not having money generates that thought.”

“But people do need money if they have bills to pay,” I said.

“Sure they do,” smiled rich dad. “All I’m saying is that it’s fear that is all too often doing the thinking.”

“I don’t understand,” said Mike.

“For example,” said rich dad. “If the fear of not having enough money arises, instead of immediately running out to get a job, they instead might ask themselves this question: ‘Will a job be the best

solution to this fear over the long run?" In my opinion, the answer is no. A job is really a short-term solution to a long-term problem."

"But my dad is always saying, 'Stay in school and get good grades, so you can find a safe, secure job,'" I interjected, somewhat confused.

"Yes, I understand he says that," said rich dad, smiling. "Most people recommend that, and it's a good path for most people. But people make that recommendation primarily out of fear."

"You mean my dad says that because he's afraid?"

"Yes," said rich dad. "He's terrified that you won't earn enough money and won't fit into society. Don't get me wrong. He loves you and wants the best for you. I too believe an education and a job are important, but it won't handle the fear. You see, that same fear that makes him get up in the morning to earn a few bucks is the fear that is causing him to be so fanatical about your going to school."

"So what do you recommend?" I asked.

"I want to teach you to master the power of money, instead of being afraid of it. They don't teach that in school and, if you don't learn it, you become a slave to money."

It was finally making sense. He wanted us to widen our views and to see what the Mrs. Martins of this world couldn't see. He used examples that sounded cruel at the time, but I've never forgotten them. My vision widened that day, and I began to see the trap that lay ahead for most people.

"You see, we're all employees ultimately. We just work at different levels," said rich dad. "I just want you boys to have a chance to avoid the trap caused by those two emotions, fear and desire. Use them in your favor, not against you. That's what I want to teach you. I'm not interested in just teaching you to make a pile of money. That won't handle the fear or desire. If you don't first handle fear and desire, and you get rich, you'll only be a highly paid slave."

"So how do we avoid the trap?" I asked.

"The main cause of poverty or financial struggle is fear and ignorance, not the economy or the government or the rich. It's self-inflicted fear and ignorance that keep people trapped. So you

boys go to school and get your college degrees, and I'll teach you how to stay out of the trap."

The pieces of the puzzle were appearing. My highly educated dad had a great education and a great career, but school never told him how to handle money or his fear of it. It became clear that I could learn different and important things from two fathers.

"So you've been talking about the fear of not having money. How does the desire for money affect our thinking?" Mike asked.

"How did you feel when I tempted you with a pay raise? Did you notice your desires rising?"

We nodded our heads.

"By not giving in to your emotions, you were able to delay your reactions and think. That is important. We will always have emotions of fear and greed. From here on in, it's imperative for you to use those emotions to your advantage, and for the long term to not let your emotions control your thinking. Most people use fear and greed against themselves. That's the start of ignorance. Most people live their lives chasing paychecks, pay raises and job security because of the emotions of desire and fear, not really questioning where those emotion-driven thoughts are leading them. It's just like the picture of a donkey dragging a cart with its owner dangling a carrot just in front of its nose. The donkey's owner may be going where he wants to, but the donkey is chasing an illusion. Tomorrow there will only be another carrot for the donkey."

"You mean the moment I picture a new baseball glove, candy and toys, that's like a carrot to a donkey?" Mike asked.

"Yes, and as you get older, your toys get more expensive—a new car, a boat, and a big house to impress your friends," said rich dad with a smile. "Fear pushes you out the door, and desire calls to you. That's the trap."

"So what's the answer," Mike asked.

"What intensifies fear and desire is ignorance. That is why rich people with lots of money often have more fear the richer they get. Money is the carrot, the illusion. If the donkey could see the whole picture, it might rethink its choice to chase the carrot."

Rich dad went on to explain that a human's life is a struggle between ignorance and illumination.

He explained that once a person stops searching for information and self-knowledge, ignorance sets in. That struggle is a moment-to-moment decision—to learn to open or close one's mind.

"Look, school is very important. You go to school to learn a skill or profession to become a contributing member of society. Every culture needs teachers, doctors, mechanics, artists, cooks, businesspeople, police officers, firefighters, and soldiers. Schools train them so society can thrive and flourish," said rich dad. "Unfortunately, for many people school is the end, not the beginning."

There was a long silence. Rich dad was smiling. I didn't comprehend everything he said that day. But as with most great teachers, his words continued to teach for years.

"I've been a little cruel today," said rich dad. "But I want you to always remember this talk. I want you to always think of Mrs. Martin. And I want you always to remember that donkey. Never forget that fear and desire can lead you into life's biggest trap if you're not aware of them controlling your thinking. To spend your life living in fear, never exploring your dreams, is cruel. To work hard for money, thinking that it will buy you things that will make you happy is also cruel. To wake up in the middle of the night terrified about paying bills is a horrible way to live. To live a life dictated by the size of a paycheck is not really living a life. Thinking that a job makes you secure is lying to yourself. That's cruel, and that's the trap I want you to avoid. I've seen how money runs people's lives. Don't let that happen to you. Please don't let money run your life."

A softball rolled under our table. Rich dad picked it up and threw it back.

"So what does ignorance have to do with greed and fear?" I asked.

"Because it is ignorance about money that causes so much greed and fear," said rich dad. "Let me give you some examples. A doctor, wanting more money to better provide for his family, raises his fees. By raising his fees, it makes health care more expensive for everyone.

It hurts the poor people the most, so they have worse health than those with money. Because the doctors raise their fees, the attorneys raise their fees. Because the attorneys' fees have gone up, schoolteachers want a raise, which raises our taxes, and on and on and on. Soon there will be such a horrifying gap between the rich and the poor that chaos will break out and another great civilization will collapse. History proves that great civilizations collapse when the gap between the haves and have-nots is too great. Sadly, America is on that same course because we haven't learned from history. We only memorize historical dates and names, not the lesson."

"Aren't prices supposed to go up?" I asked.

"In an educated society with a well-run government, prices should actually come down. Of course, that is often only true in theory. Prices go up because of greed and fear caused by ignorance. If schools taught people about money, there would be more money and lower prices. But schools focus only on teaching people to work for money, not how to harness money's power."

"But don't we have business schools?" Mike asked. "And haven't you encouraged me to go for my MBA?"

"Yes," said rich dad. "But all too often business schools train employees to become sophisticated bean-counters. Heaven forbid a bean-counter takes over a business. All they do is look at the numbers, fire people, and kill the business. I know this because I hire bean-counters. All they think about is cutting costs and raising prices, which cause more problems. Bean-counting is important. I wish more people knew it, but it, too, is not the whole picture," added rich dad angrily.

"So is there an answer?" asked Mike.

"Yes," said rich dad. "Learn to use your emotions to think, not think with your emotions. When you boys mastered your emotions by agreeing to work for free, I knew there was hope. When you again resisted your emotions when I tempted you with more money, you were again learning to think in spite of being emotionally charged. That's the first step."

"Why is that step so important?" I asked.

“Well, that’s up to you to find out. If you want to learn, I’ll take you boys into the briar patch, a place almost everyone else avoids. If you go with me, you’ll let go of the idea of working for money and instead learn to have money work for you.”

“And what will we get if we go with you. What if we agree to learn from you? What will we get?” I asked.

“The same thing Brer Rabbit got,” said rich dad, referring to the classic children’s story.

“Is there a briar patch?” I asked.

“Yes,” said rich dad. “The briar patch is our fear and greed. Confronting fear, weaknesses, and neediness by choosing our own thoughts is the way out.”

“Choosing our thoughts?” Mike asked, puzzled.

“Yes. Choosing what we think rather than reacting to our emotions. Instead of just getting up and going to work because not having the money to pay your bills is scaring you, ask yourself, ‘Is working harder at this the best solution to this problem?’ Most people are too afraid to rationally think things through and instead run out the door to a job they hate. The Tar Baby is in control. That’s what I mean by choosing your thoughts.”

“And how do we do that?” Mike asked.

“That’s what I will teach you. I’ll teach you to have a choice of thoughts rather than a knee-jerk reaction, like gulping down your morning coffee and running out the door.

“Remember what I said before: A job is only a short-term solution to a long-term problem. Most people have only one problem in mind, and it’s short-term. It’s the bills at the end of the month, the Tar Baby. Money controls their lives, or should I say the fear and ignorance about money controls it. So they do as their parents did. They get up every day and go work for money, not taking the time to ask the question, ‘Is there another way?’ Their emotions now control their thinking, not their heads.”

“Can you tell the difference between emotions thinking and the head thinking?” Mike asked.

“Oh, yes. I hear it all the time,” said rich dad. “I hear things like, ‘Well, everyone has to work.’ Or ‘The rich are crooks.’ Or ‘I’ll get another job. I deserve this raise. You can’t push me around.’ Or ‘I like this job because it’s secure.’ No one asks, ‘Is there something I’m missing here?’ which would break through the emotional thought and give you time to think clearly.”

As we headed back to the store, rich dad explained that the rich really did “make money.” They did not work for it. He went on to explain that when Mike and I were casting five-cent pieces out of lead, thinking we were making money, we were very close to thinking the way the rich think. The problem was that creating money is legal for the government and banks to do, but illegal for us to do. There are legal ways to create money from nothing, he told us.

Rich dad went on to explain that the rich know that money is an illusion, truly like the carrot for the donkey. It’s only out of fear and greed that the illusion of money is held together by billions of people who believe that money is real. It’s not. Money is really made up. It is only because of the illusion of confidence and the ignorance of the masses that this house of cards stands.

He talked about the gold standard that America was on, and that each dollar bill was actually a silver certificate. What concerned him was the rumor that we would someday go off the gold standard and our dollars would no longer be backed by something tangible.

“If that happens, boys, all hell will break loose. The poor, the middle class, and the ignorant will have their lives ruined simply because they will continue to believe that money is real and that the company they work for, or the government, will look after them.”

We really did not understand what he was saying that day, but over the years, it made more and more sense.

### ***Seeing What Others Miss***

As he climbed into his pickup truck outside his convenience store, rich dad said, “Keep working boys, but the sooner you forget about needing a paycheck, the easier your adult life will be. Keep using your

brain, work for free, and soon your mind will show you ways of making money far beyond what I could ever pay you. You will see things that other people never see. Most people never see these opportunities because they're looking for money and security, so that's all they get. The moment you see one opportunity, you'll see them for the rest of your life. The moment you do that, I'll teach you something else. Learn this, and you'll avoid one of life's biggest traps.

Mike and I picked up our things from the store and waved goodbye to Mrs. Martin. We went back to the park, to the same picnic bench, and spent several more hours thinking and talking.

We spent the next week at school thinking and talking, too. For two more weeks, we kept thinking, talking, and working for free.

At the end of the second Saturday, I was again saying goodbye to Mrs. Martin and looking at the comic-book stand with a longing gaze. The hard thing about not even getting 30 cents every Saturday was that I didn't have any money to buy comic books. Suddenly, as Mrs. Martin said goodbye to Mike and me, I saw her do something I'd never seen her do before.

Mrs. Martin was cutting the front page of the comic book in half. She kept the top half of the comic book cover and threw the rest of the book into a large cardboard box. When I asked her what she did with the comic books, she said, "I throw them away. I give the top half of the cover back to the comic-book distributor for credit when he brings in the new comics. He's coming in an hour."

Mike and I waited for an hour. Soon the distributor arrived, and I asked him if we could have the comic books. To my delight, he said, "You can have them if you work for this store and do not resell them."

Remember our old business partnership? Well, Mike and I revived it. Using a spare room in Mike's basement, we began piling hundreds of comic books in that room. Soon our comic-book library was open to the public. We hired Mike's younger sister, who loved to study, to be head librarian. She charged each child 10 cents admission to the library, which was open from 2:30 p.m. to 4:30 p.m. every day after school. The customers, the children of the neighborhood, could read as many

comics as they wanted in two hours. It was a bargain for them since a comic cost 10 cents each, and they could read five or six in two hours.

Mike's sister would check the kids as they left to make sure they weren't borrowing any comic books. She also kept the books, logging in how many kids showed up each day, who they were, and any comments they might have. Mike and I averaged \$9.50 per week over a three-month period. We paid his sister one dollar a week and allowed her to read the comics for free, which she rarely did since she was always studying.

Mike and I kept our agreement by working in the store every Saturday and collecting all the comic books from the different stores. We kept our agreement to the distributor by not selling any comic books. We burned them once they got too tattered. We tried opening a branch office, but we could never quite find someone as trustworthy and dedicated as Mike's sister. At an early age, we found out how hard it was to find good staff.

Three months after the library first opened, a fight broke out in the room. Some bullies from another neighborhood pushed their way in, and Mike's dad suggested we shut down the business. So our comic-book business shut down, and we stopped working on Saturdays at the convenience store. But rich dad was excited because he had new things he wanted to teach us. He was happy because we had learned our first lesson so well: We learned to make money work for us. By not getting paid for our work at the store, we were forced to use our imaginations to identify an opportunity to make money. By starting our own business, the comic-book library, we were in control of our own finances, not dependent on an employer. The best part was that our business generated money for us, even when we weren't physically there. Our money worked for us.

Instead of paying us money, rich dad had given us so much more.

## Chapter Two

# LESSON 2: WHY TEACH FINANCIAL LITERACY?

---

*It's not how much money you make.  
It's how much money you keep.*

---

In 1990, Mike took over his father's empire and is, in fact, doing a better job than his dad did. We see each other once or twice a year on the golf course. He and his wife are wealthier than you could imagine. Rich dad's empire is in great hands, and Mike is now grooming his son to take his place, as his dad had groomed us.

In 1994, I retired at the age of 47, and my wife Kim was 37. Retirement does not mean not working. For us, it means that, barring unforeseen cataclysmic changes, we can work or not work, and our wealth grows automatically, staying ahead of inflation. Our assets are large enough to grow by themselves. It's like planting a tree. You water it for years, and then one day it doesn't need you anymore. Its roots are implanted deep enough. Then the tree provides shade for your enjoyment.

Mike chose to run the empire, and I chose to retire.

Whenever I speak to groups of people, they often ask what I would recommend that they do. "How do I get started?" "Is there a book you would recommend?" "What should I do to prepare my children?" "What is your secret to success?" "How do I make millions?"

Whenever I hear one of these questions, I'm reminded of the following story:

### **The Richest Businessmen**

In 1923 a group of our greatest leaders and richest businessmen held a meeting at the Edgewater Beach hotel in Chicago. Among them were Charles Schwab, head of the largest independent steel company; Samuel Insull, president of the world's largest utility; Howard Hopson, head of the largest gas company; Ivar Kreuger, president of International Match Co., one of the world's largest companies at that time; Leon Frazier, president of the Bank of International Settlements; Richard Whitney, president of the New York Stock Exchange; Arthur Cotton and Jesse Livermore, two of the biggest stock speculators; and Albert Fall, a member of President Harding's cabinet. Twenty-five years later, nine of these titans ended their lives as follows: Schwab died penniless after living for five years on borrowed money. Insull died broke in a foreign land, and Kreuger and Cotton also died broke. Hopson went insane. Whitney and Albert Fall were released from prison, and Fraser and Livermore committed suicide.

I doubt if anyone can say what really happened to these men. If you look at the date, 1923, it was just before the 1929 market crash and the Great Depression, which I suspect had a great impact on these men and their lives. The point is this: Today we live in times of greater and faster change than these men did. I suspect there will be many booms and busts in the coming years that will parallel the ups and downs these men faced. I am concerned that too many people are too focused on money and not on their greatest wealth, their education. If people are prepared to be flexible, keep an open mind and learn, they will grow richer and richer despite tough changes. If they think money will solve problems, they will have a rough ride. Intelligence solves problems and produces money. Money without financial intelligence is money soon gone.

Most people fail to realize that in life, it's not how much money you make. It's how much money you keep. We've all heard stories of lottery winners who are poor, then suddenly rich, and then poor again. They win millions, yet are soon back where they started. Or stories of professional athletes, who at the age of 24 are earning millions, but are sleeping under a bridge 10 years later.

I remember a story of a young basketball player who a year ago had millions. Today, at just 29, he claims his friends, attorney, and accountant took his money, and he was forced to work at a car wash for minimum wage. He was fired from the car wash because he refused to take off his championship ring as he was wiping off the cars. His story made national news and he is appealing his termination, claiming hardship and discrimination. He claims that the ring is all he has left and if it was stripped away, he'll crumble.

I know so many people who became instant millionaires. And while I am glad some people have become richer and richer, I caution them that in the long run, it's not how much money you make. It's how much you keep, and how many generations you keep it.

So when people ask, "Where do I get started?" or "Tell me how to get rich quick," they often are greatly disappointed with my answer. I simply say to them what my rich dad said to me when I was a little kid. "If you want to be rich, you need to be financially literate."

That idea was drummed into my head every time we were together. As I said, my educated dad stressed the importance of reading books, while my rich dad stressed the need to master financial literacy.

If you are going to build the Empire State Building, the first thing you need to do is dig a deep hole and pour a strong foundation. If you are going to build a home in the suburbs, all you need to do is pour a six-inch slab of concrete. Most people, in their drive to get rich, are trying to build an Empire State Building on a six-inch slab.

Our school system, created in the Agrarian Age, still believes in homes with no foundation. Dirt floors are still the rage. So kids graduate from school with virtually no financial foundation. One day, sleepless and deep in debt in suburbia, living the American Dream,

they decide that the answer to their financial problems is to find a way to get rich quick.

Construction on the skyscraper begins. It goes up quickly, and soon, instead of the Empire State Building, we have the Leaning Tower of Suburbia. The sleepless nights return.

As for Mike and me in our adult years, both of our choices were possible because we were taught to pour a strong financial foundation when we were just kids.

Accounting is possibly the most confusing, boring subject in the world, but if you want to be rich long-term, it could be the most important subject. For rich dad, the question was how to take a boring and confusing subject and teach it to kids. The answer he found was to make it simple by teaching it in pictures.

My rich dad poured a strong financial foundation for Mike and me. Since we were just kids, he created a simple way to teach us.

For years he only drew pictures and used few words. Mike and I understood the simple drawings, the jargon, the movement of money,

---

*Rich people acquire assets. The poor and middle class acquire liabilities that they think are assets.*

---

and then in later years, rich dad began adding numbers. Today, Mike has gone on to master much more complex and sophisticated accounting analysis because he had to in order to run his empire. I am not as sophisticated because my empire is smaller, yet we come from the same

simple foundation. Over the following pages, I offer to you the same simple line drawings Mike's dad created for us. Though basic, those drawings helped guide two little boys in building great sums of wealth on a solid and deep foundation.

***Rule #1: You must know the difference between an asset and a liability, and buy assets.***

If you want to be rich, this is all you need to know. It is rule number one. It is the only rule. This may sound absurdly simple, but most people have no idea how profound this rule is. Most people struggle financially because they do not know the difference between an asset and a liability.

“Rich people acquire assets. The poor and middle class acquire liabilities that they think are assets,” said rich dad.

When rich dad explained this to Mike and me, we thought he was kidding. Here we were, nearly teenagers and waiting for the secret to getting rich, and this was his answer. It was so simple that we stopped for a long time to think about it.

“What is an asset?” asked Mike.

“Don’t worry right now,” said rich dad. “Just let the idea sink in. If you can comprehend the simplicity, your life will have a plan and be financially easy. It is simple. That is why the idea is missed.”

“You mean all we need to know is what an asset is, acquire them, and we’ll be rich?” I asked.

Rich dad nodded his head. “It’s that simple.”

“If it’s that simple, how come everyone is not rich?” I asked.

Rich dad smiled. “Because people do not know the difference between an asset and a liability.”

I remember asking, “How could adults be so misguided? If it is that simple, if it is that important, why would everyone not want to find out?”

It took rich dad only a few minutes to explain what assets and liabilities were.

As an adult, I have difficulty explaining it to other adults. The simplicity of the idea escapes them because they have been educated differently. They were taught by other educated professionals, such as bankers, accountants, real estate agents, financial planners, and so forth. The difficulty comes in asking adults to unlearn, or become

children again. An intelligent adult often feels it is demeaning to pay attention to simplistic definitions.

Rich dad believed in the KISS principle—Keep It Simple, Stupid (or Keep It Super Simple)—so he kept it simple for us, and that made our financial foundation strong.

So what causes the confusion? How could something so simple be so screwed up? Why would someone buy an asset that was really a liability? The answer is found in basic education.

We focus on the word “literacy” and not “financial literacy.” What defines something to be an asset or a liability are not words. In fact, if you really want to be confused, look up the words “asset”  

---

*An asset puts money in my pocket.* and “liability” in the dictionary. I know the definition may sound good to a trained accountant, but for the average person, it makes no sense. But we adults are often too proud to admit that something does not make sense.  

---

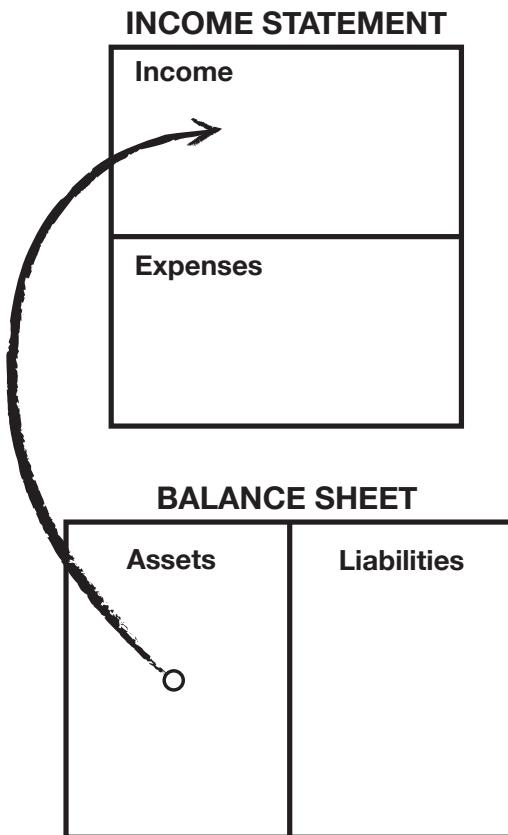
*A liability takes money out of my pocket.*

To us young boys, rich dad said, “What defines an asset are not words, but numbers. And if you can’t read the numbers, you can’t tell an asset from a hole in the ground.” “In accounting,” rich dad would say, “it’s not the numbers, but what the numbers are telling you. It’s just like words. It’s not the words, but the story the words are telling you.”

“If you want to be rich, you’ve got to read and understand numbers.” If I heard that once, I heard it a thousand times from my rich dad. And I also heard, “The rich acquire assets, and the poor and middle class acquire liabilities.”

Here is how to tell the difference between an asset and a liability. Most accountants and financial professionals do not agree with the definitions, but these simple drawings were the start of strong financial foundations for two young boys.

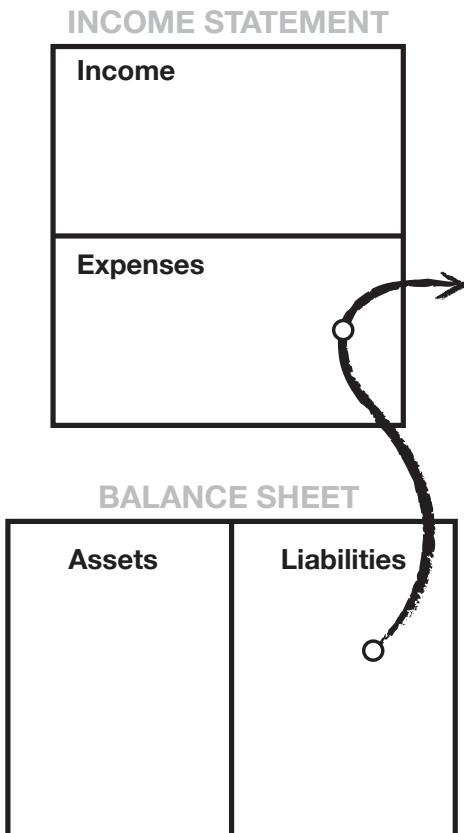
*This is the cash-flow pattern of an asset:*



The top part of the diagram is an Income Statement, often called a Profit-and-Loss Statement. It measures income and expenses: money in and money out. The lower part of the diagram is a Balance Sheet. It's called that because it's supposed to balance assets against liabilities. Many financial novices do not know the relationship between the Income Statement and the Balance Sheet, and it is vital to understand that relationship.

So as I said earlier, my rich dad simply told two young boys that “assets put money in your pocket.” Nice, simple, and usable.

***This is the cash-flow pattern of a liability:***



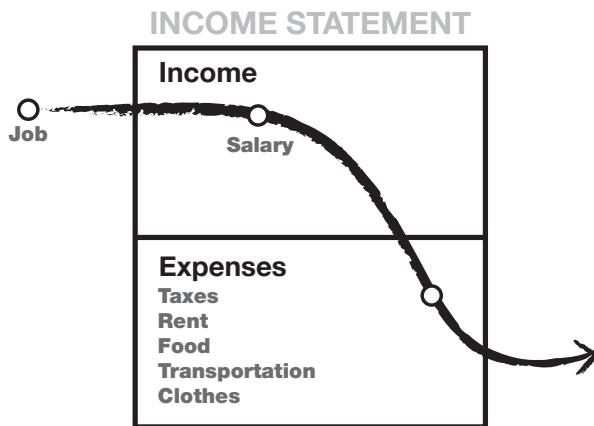
Now that assets and liabilities have been defined through pictures, it may be easier to understand my definitions in words. An asset is something that puts money in my pocket. A liability is something that takes money out of my pocket. This is really all you need to know. If you want to be rich, simply spend your life buying assets. If you want to be poor or middle class, spend your life buying liabilities.

Illiteracy, both in words and numbers, is the foundation of financial struggle. If people are having difficulties financially, there is something that they don't understand, either in words or numbers. The rich are rich because they are more literate in different areas than people who struggle financially. So if you want to be rich and

maintain your wealth, it's important to be financially literate, in words as well as numbers.

The arrows in the diagrams represent the flow of cash, or "cash flow." Numbers alone mean little, just as words out of context mean little. It's the story that counts. In financial reporting, reading numbers is looking for the plot, the story of where the cash is flowing. In 80 percent of most families, the financial story paints a picture of hard work to get ahead. However, this effort is for naught because they spend their lives buying liabilities instead of assets.

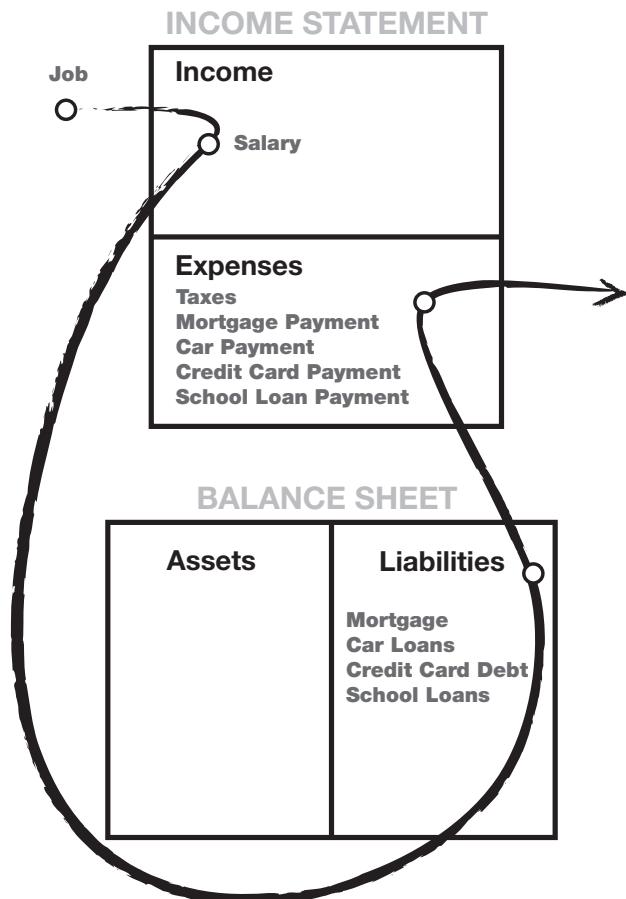
***This is the cash-flow pattern of a poor person:***



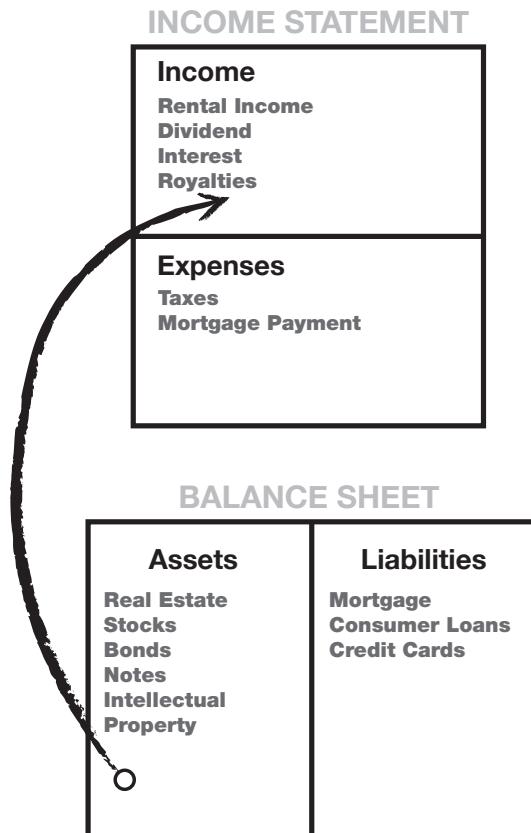
**BALANCE SHEET**

Assets	Liabilities

*This is the cash-flow pattern of a person in the middle class:*



*This is the cash-flow pattern of a rich person:*



All of these diagrams are obviously oversimplified. Everyone has living expenses, the need for food, shelter, and clothing. The diagrams show the flow of cash through a poor, middle-class, and wealthy person's life. It is the cash flow that tells the story of how a person handles their money.

The reason I started with the story of the richest men in America is to illustrate the flaw in believing that money will solve all problems. That is why I cringe whenever I hear people ask me how to get rich quicker, or where they should start. I often hear, "I'm in debt, so I need to make more money."

But more money will often not solve the problem. In fact, it may compound the problem. Money often makes obvious our tragic human

---

*Cash flow tells the story of how a person handles money.*

---

flaws, putting a spotlight on what we don't know. That is why, all too often, a person who comes into a sudden windfall of cash—let's say an inheritance, a pay raise, or lottery winnings—soon returns

to the same financial mess, if not worse, than the mess they were in before. Money only accentuates the cash-flow pattern running in your head. If your pattern is to spend everything you get, most likely an increase in cash will just result in an increase in spending. Thus, the saying, "A fool and his money is one big party."

I have said many times that we go to school to gain scholastic and professional skills, both of which are important. We learn to make money with our professional skills. In the 1960s when I was in high school, if someone did well academically, people assumed this bright student would go on to be a medical doctor because it was the profession with the promise of the greatest financial reward.

Today, doctors face financial challenges I wouldn't wish on my worst enemy: insurance companies taking control of the business, managed health care, government intervention, and malpractice suits. Today, kids want to be famous athletes, movie stars, rock stars, beauty queens, or CEOs because that is where the fame, money, and prestige are. That is the reason it is so hard to motivate kids in school today.

They know that professional success is no longer solely linked to academic success, as it once was.

Because students leave school without financial skills, millions of educated people pursue their profession successfully, but later find themselves struggling financially. They work harder but don't get ahead. What is missing from their education is not how to make money, but how to manage money. It's called financial aptitude—what you do with the money once you make it, how to keep people from taking it from you, how to keep it longer, and how to make that money work hard for you. Most people don't understand why they struggle financially because they don't understand cash flow. A person can be highly educated, professionally successful, and financially illiterate. These people often work harder than they need to because they learned how to work hard, but not how to have their money work hard for them.

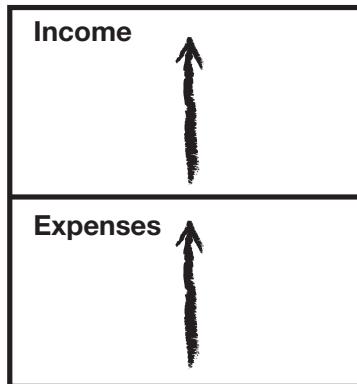
### ***How the Quest for a Financial Dream Turns into a Financial Nightmare***

The classic story of hardworking people has a set pattern. Recently married, the happy, highly educated young couple moves into one of their cramped rented apartments. Immediately, they realize that they are saving money because two can live as cheaply as one.

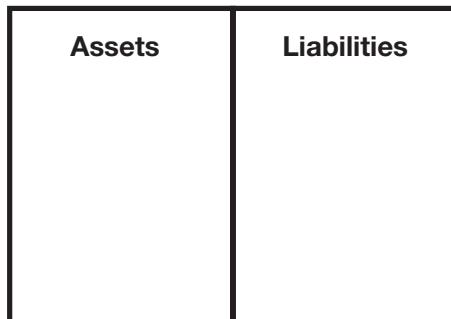
The problem is the apartment is cramped. They decide to save money to buy their dream home so they can have kids. They now have two incomes, and they begin to focus on their careers. Their incomes begin to increase.

As their incomes go up, their expenses go up as well.

### INCOME STATEMENT



### BALANCE SHEET

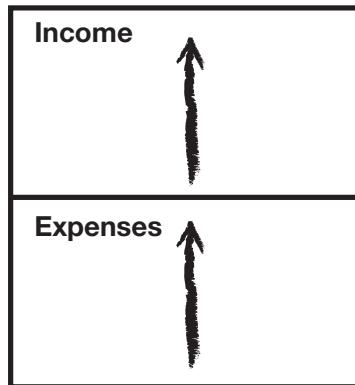


The number-one expense for most people is taxes. Many people think it's income tax, but for most Americans, their highest tax is Social Security. As an employee, it appears as if the Social Security tax combined with the Medicare tax rate is roughly 7.5 percent, but it's really 15 percent since the employer must match the Social Security amount. In essence, it is money the employer can't pay you. On top of that, you still have to pay income tax on the amount deducted from your wages for Social Security tax, income you never received because it went directly to Social Security through withholding.

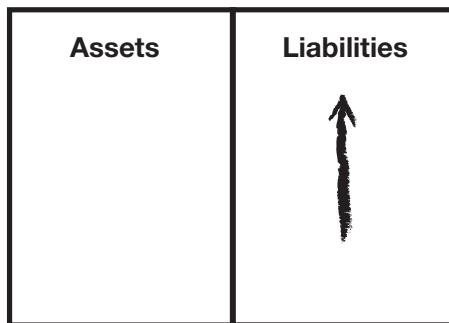
Going back to the young couple, as a result of their incomes increasing, they decide to buy the house of their dreams. Once in

their house, they have a new tax, called property tax. Then they buy a new car, new furniture, and new appliances to match their new house. All of a sudden, they wake up and their liabilities column is full of mortgage and credit-card debt. Their liabilities go up.

### INCOME STATEMENT



### BALANCE SHEET



They're now trapped in the Rat Race. Pretty soon a baby comes along and they work harder. The process repeats itself: Higher incomes cause higher taxes, also called "bracket creep." A credit card comes in the mail. They use it and max it out. A loan company calls and says their greatest "asset," their home, has appreciated in value. Because their credit is so good, the company offers a bill-consolidation loan and tells them the intelligent thing to do is clear

off the high-interest consumer debt by paying off their credit card. And besides, interest on their home is a tax deduction. They go for it, and pay off those high-interest credit cards. They breathe a sigh of relief. Their credit cards are paid off. They've now folded their consumer debt into their home mortgage. Their payments go down because they extend their debt over 30 years. It is the smart thing to do.

Their neighbor calls to invite them to go shopping. The Memorial Day sale is on. They promise themselves they'll just window shop, but they take a credit card, just in case.

I run into this young couple all the time. Their names change, but their financial dilemma is the same. They come to one of my talks to hear what I have to say. They ask me, "Can you tell us how to make more money?"

They don't understand that their trouble is really how they choose to spend the money they do have. It is caused by financial illiteracy and not understanding the difference between an asset and a liability.

More money seldom solves someone's money problems. Intelligence solves problems. There is a saying a friend of mine says over and over to people in debt: "If you find you have dug yourself into a hole... stop digging."

As a child, my dad often told us that the Japanese were aware of three powers: the power of the sword, the jewel, and the mirror.

The sword symbolizes the power of weapons. America has spent trillions of dollars on weapons and, because of this, is a powerful military presence in the world.

The jewel symbolizes the power of money. There is some degree of truth to the saying, "Remember the golden rule. He who has the gold makes the rules."

The mirror symbolizes the power of self-knowledge. This self-knowledge, according to Japanese legend, was the most treasured of the three.

All too often, the poor and middle class allow the power of money to control them. By simply getting up and working harder, failing to ask themselves if what they do makes sense, they shoot

themselves in the foot as they leave for work every morning. By not fully understanding money, the vast majority of people allow its awesome power to control them.

If they used the power of the mirror, they would have asked themselves, “Does this make sense?” All too often, instead of trusting their inner wisdom, that genius inside, most people follow the crowd. They do things because everybody else does them. They conform, rather than question. Often, they mindlessly repeat what they have been told: “Diversify.” “Your home is an asset.” “Your home is your biggest investment.” “You get a tax break for going into greater debt.” “Get a safe job.” “Don’t make mistakes.” “Don’t take risks.”

*A person can be highly educated, professionally successful, and financially illiterate.*

It is said that the fear of public speaking is a fear greater than death for most people. According to psychiatrists, the fear of public speaking is caused by the fear of ostracism, the fear of standing out, the fear of criticism, the fear of ridicule, and the fear of being an outcast. The fear of being different prevents most people from seeking new ways to solve their problems.

That is why my educated dad said the Japanese valued the power of the mirror the most, for it is only when we look into it that we find truth. Fear is the main reason that people say, “Play it safe.” That goes for anything, be it sports, relationships, careers, or money.

It is that same fear, the fear of ostracism, that causes people to conform to, and not question, commonly accepted opinions or popular trends: “Your home is an asset.” “Get a bill-consolidation loan, and get out of debt.” “Work harder.” “It’s a promotion.” “Someday I’ll be a vice president.” “Save money.” “When I get a raise, I’ll buy us a bigger house.” “Mutual funds are safe.”

Many financial problems are caused by trying to keep up with the Joneses. Occasionally, we all need to look in the mirror and be true to our inner wisdom rather than our fears.

By the time Mike and I were 16 years old, we began to have problems in school. We were not bad kids. We just began to separate from the crowd. We worked for Mike's dad after school and on weekends. Mike and I often spent hours after work just sitting at a table with his dad while he held meetings with his bankers, attorneys, accountants, brokers, investors, managers, and employees. Here was a man who had left school at 13 who was now directing, instructing, ordering, and asking questions of educated people. They came at his beck and call, and cringed when he didn't approve of them.

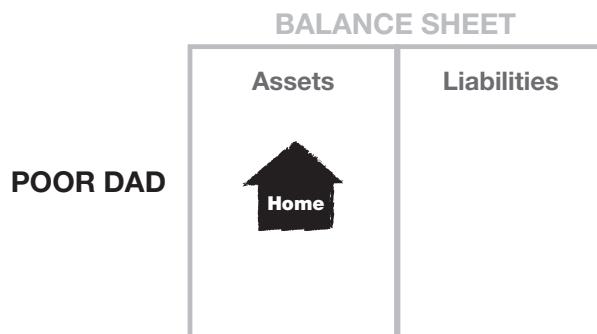
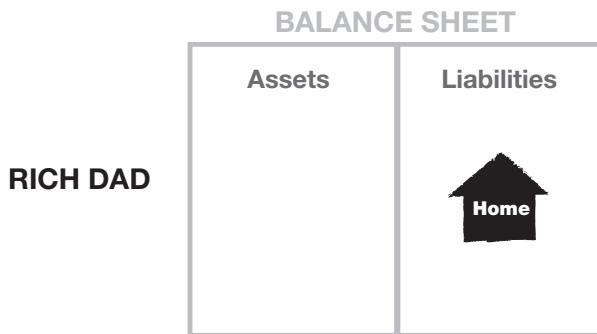
Here was a man who had not gone along with the crowd. He was a man who did his own thinking and detested the words, "We have to do it this way because that's the way everyone else does it." He also hated the word "can't." If you wanted him to do something, just say, "I don't think you can do it."

Mike and I learned more sitting in on his meetings than we did in all our years of school, college included. Mike's dad was not book-smart, but he was financially educated and successful as a result. He told us over and over again, "An intelligent person hires people who are more intelligent than he is." So Mike and I had the benefit of spending hours listening to and learning from intelligent people.

But because of this, Mike and I couldn't go along with the standard dogma our teachers preached, and that caused problems. Whenever the teacher said, "If you don't get good grades, you won't do well in the real world," Mike and I just raised our eyebrows. When we were told to follow set procedures and not deviate from the rules, we could see how school discouraged creativity. We started to understand why our rich dad told us that schools were designed to produce good employees, instead of employers. Occasionally, Mike or I would ask our teachers how what we studied was applicable in the real world, or why we never studied money and how it worked. To the latter question, we often got the answer that money was not important, that if we excelled in our education, the money would follow. The more we knew about the power of money, the more distant we grew from the teachers and our classmates.

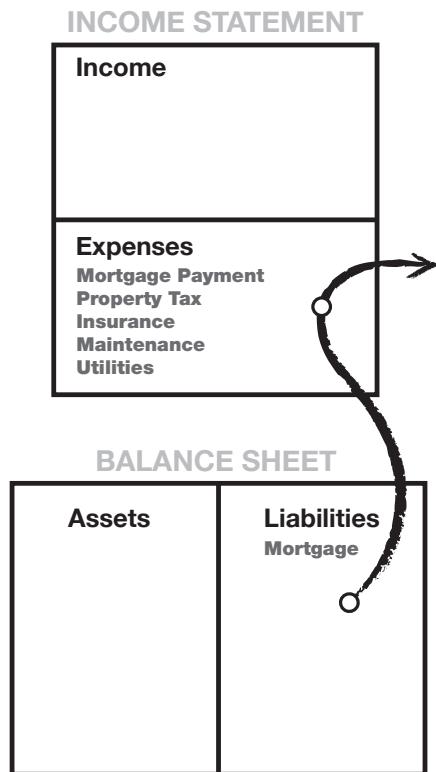
My highly educated dad never pressured me about my grades, but we did begin to argue about money. By the time I was 16, I probably had a far better foundation with money than both my parents. I could keep books, I listened to tax accountants, corporate attorneys, bankers, real estate brokers, investors, and so forth. By contrast, my dad talked to other teachers.

One day my dad told me that our home was his greatest investment. A not-too-pleasant argument took place when I showed him why I thought a house was not a good investment.



The above diagram illustrates the difference in perception between my rich dad and my poor dad when it came to their homes. One dad thought his house was an asset, and the other dad thought it was a liability.

I remember when I drew the following diagram for my dad showing him the direction of cash flow. I also showed him the ancillary expenses that went along with owning the home. A bigger home meant bigger expenses, and the cash flow kept going out through the expense column.



Today, people still challenge me on the idea of a house not being an asset. I know that for many people, it is their dream as well as their largest investment. And owning your own home is better than nothing. I simply offer an alternate way of looking at this popular dogma. If my wife and I were to buy a bigger, flashier house, we realize it wouldn't be an asset. It would be a liability since it would take money out of our pocket.

So here is the argument I put forth. I really don't expect most people to agree with it because your home is an emotional thing and when it comes to money, high emotions tend to lower financial intelligence. I know from personal experience that money has a way of making every decision emotional.

- When it comes to houses, most people work all their lives paying for a home they never own. In other words, most people buy a new house every few years, each time incurring a new 30-year loan to pay off the previous one.
- Even though people receive a tax deduction for interest on mortgage payments, they pay for all their other expenses with after-tax dollars, even after they pay off their mortgage.
- My wife's parents were shocked when the property taxes on their home increased to \$1,000 a month. This was after they had retired, so the increase put a strain on their retirement budget, and they felt forced to move.
- Houses do not always go up in value. I have friends who owe a million dollars for a home that today would sell for far less.
- The greatest losses of all are those from missed opportunities. If all your money is tied up in your house, you may be forced to work harder because your money continues blowing out of the expense column, instead of adding to the asset column—the classic middle-class cash-flow pattern. If a young couple would put more money into their asset column early on, their later years would be easier. Their assets would have grown and would be available to help cover expenses. All too often, a house only serves as a vehicle for incurring a home-equity loan to pay for mounting expenses.

In summary, the end result in making a decision to own a house that is too expensive in lieu of starting an investment portfolio impacts an individual in at least the following three ways:

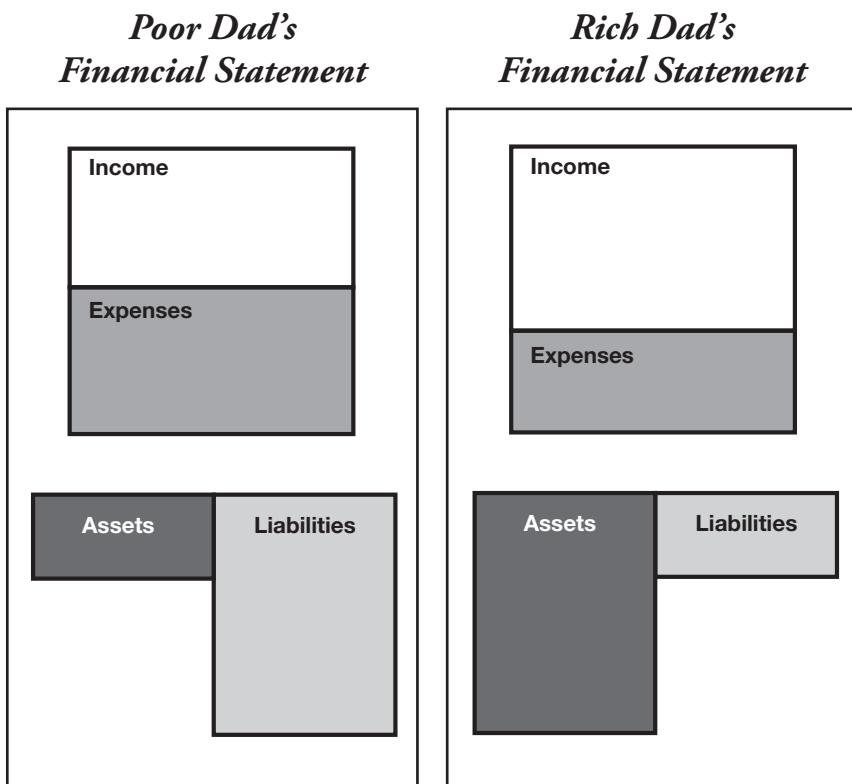
1. *Loss of time*, during which other assets could have grown in value.
2. *Loss of additional capital*, which could have been invested instead of paying for high-maintenance expenses related directly to the home.
3. *Loss of education*. Too often, people count their house and savings and retirement plans as all they have in their asset column. Because they have no money to invest, they simply don't invest. This costs them investment experience. Most never become what the investment world calls "a sophisticated investor." And the best investments are usually first sold to sophisticated investors, who then turn around and sell them to the people playing it safe.

I am not saying don't buy a house. What I am saying is that you should understand the difference between an asset and a liability. When I want a bigger house, I first buy assets that will generate the cash flow to pay for the house.

My educated dad's personal financial statement best demonstrates the life of someone caught in the Rat Race. His expenses match his income, never allowing him enough left over to invest in assets. As a result, his liabilities are larger than his assets.

The following diagram on the left shows my poor dad's income statement. It is worth a thousand words. It shows that his income and expenses are equal while his liabilities are larger than his assets.

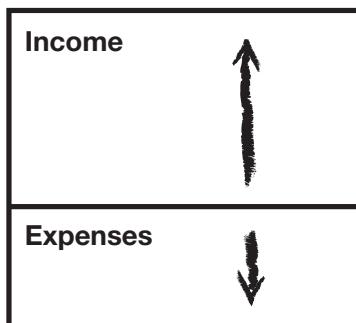
My rich dad's personal financial statement on the right reflects the results of a life dedicated to investing and minimizing liabilities.



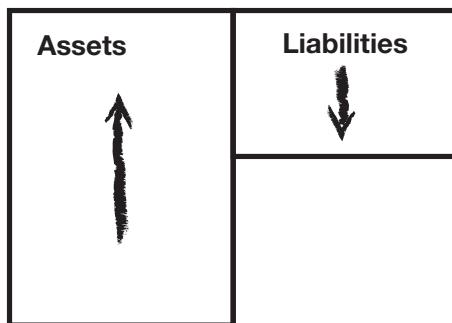
## ***Why the Rich Get Richer***

A review of my rich dad's financial statement shows why the rich get richer. The asset column generates more than enough income to cover expenses, with the balance reinvested into the asset column. The asset column continues to grow and, therefore, the income it produces grows with it. The result is that the rich get richer!

**INCOME STATEMENT**



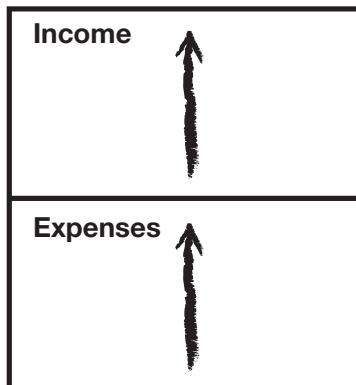
**BALANCE SHEET**



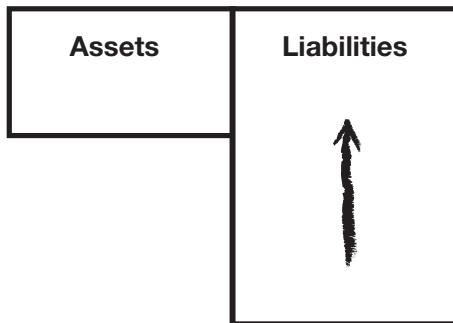
## ***Why the Middle Class Struggle***

The middle class finds itself in a constant state of financial struggle. Their primary income is through their salary. As their wages increase, so do their taxes. Their expenses tend to increase in proportion to their salary increase: hence, the phrase “the Rat Race.” They treat their home as their primary asset, instead of investing in income-producing assets.

**INCOME STATEMENT**



**BALANCE SHEET**



This pattern of treating your home as an investment, and the philosophy that a pay raise means you can buy a larger home or spend more, is the foundation of today's debt-ridden society. Increased spending throws families into greater debt and into more financial uncertainty, even though they may be advancing in their jobs and receiving raises on a regular basis. This is high-risk living caused by weak financial education.

The massive loss of jobs in recent times proves how shaky the middle class really is financially. Company pension plans are being replaced by 401(k) plans. Social Security is obviously in trouble and can't be relied upon as a source for retirement. Panic has set in for the middle class.

Today, mutual funds are popular because they supposedly represent safety. Average mutual-fund buyers are too busy working to pay taxes and mortgages, save for their children's college, and pay off credit cards. They do not have time to study investing, so they rely on the expertise of the manager of a mutual fund. Also, because the mutual fund includes many different types of investments, they feel their money is safer because it is "diversified." This educated middle class subscribes to the dogma put out by mutual-fund brokers and financial planners: "Play it safe. Avoid risk."

The real tragedy is that the lack of early financial education is what creates the risk faced by average middle-class people. The reason they have to play it safe is because their financial positions are tenuous at best. Their balance sheets are not balanced. Instead, they are loaded with liabilities and have no real assets that generate income. Typically, their only source of income is their paycheck. Their livelihood becomes entirely dependent on their employer. So when genuine "deals of a lifetime" come along, these people can't take advantage of them because they are working so hard, are taxed to the max, and are loaded with debt.

As I said at the start of this section, the most important rule is to know the difference between an asset and a liability. Once you understand the difference, concentrate your efforts on buying income-generating assets. That's the best way to get started on a path

to becoming rich. Keep doing that, and your asset column will grow. Keep liabilities and expenses down so more money is available to continue pouring into the asset column. Soon the asset base will be so deep that you can afford to look at more speculative investments: investments that may have returns of 100 percent to infinity; \$5,000 investments that are soon turned into \$1 million or more; investments that the middle class calls “too risky.” The investment is not risky for the financially literate.

If you do what the masses do, you get the following picture:

### INCOME STATEMENT

<b>Income</b> <b>Work for the Company (Salary)</b>
<b>Expenses</b> <b>Work for the Government (Taxes)</b>

### BALANCE SHEET

<b>Assets</b>	<b>Liabilities</b> <b>Work for the Bank (Mortgage)</b>
---------------	---

As an employee who is also a homeowner, your working efforts are generally as follows:

**1. *You work for the company.***

Employees make their business owner or the shareholders rich, not themselves. Your efforts and success will help provide for the owner's success and retirement.

**2. *You work for the government.***

The government takes its share from your paycheck before you even see it. By working harder, you simply increase the amount of taxes taken by the government. Most people work from January to May just for the government.

**3. *You work for the bank.***

After taxes, your next largest expense is usually your mortgage and credit-card debt.

The problem with simply working harder is that each of these three levels takes a greater share of your increased efforts. You need to learn how to have your increased efforts benefit you and your family directly.

Once you have decided to concentrate on minding your own business—focusing your efforts on acquiring assets instead of a bigger paycheck—how do you set your goals? Most people must keep their job and rely on their wages to fund their acquisition of assets.

As their assets grow, how do they measure the extent of their success? When does someone know that they are rich, that they have wealth?

As well as having my own definitions for assets and liabilities, I also have my own definition for wealth. Actually, I borrowed it from a man named R. Buckminster Fuller. Some call him a quack, and others call him a genius. Years ago he got architects buzzing because he applied for a patent for something called a geodesic dome. But in the application, Fuller also said something about wealth.

It was pretty confusing at first, but after reading it, it began to make some sense:

*Wealth is a person's ability to survive so many number of days forward—or, if I stopped working today, how long could I survive?*

Unlike net worth—the difference between your assets and liabilities, which is often filled with a person's expensive junk and opinions of what things are worth—this definition creates the possibility for developing a truly accurate measurement. I could now measure and know where I was in terms of my goal to become financially independent.

Although net worth often includes non-cash-producing assets, like stuff you bought that now sits in your garage, wealth measures how much money your money is making and, therefore, your financial survivability.

Wealth is the measure of the cash flow from the asset column compared with the expense column.

Let's use an example. Let's say I have cash flow from my asset column of \$1,000 a month. And I have monthly expenses of \$2,000. What is my wealth?

Let's go back to Buckminster Fuller's definition. Using his definition, how many days forward can I survive? Assuming a 30-day month, I have enough cash flow for half a month.

When I achieve \$2,000 a month cash flow from my assets, then I will be wealthy.

So while I'm not yet rich, I am wealthy. I now have income generated from assets each month that fully cover my monthly expenses. If I want to increase my expenses, I first must increase my cash flow to maintain this level of wealth. Also note that it is at this point that I'm no longer dependent on my wages. I have focused on, and been successful in, building an asset column that has made me financially independent. If I quit my job today, I would be able to cover my monthly expenses with the cash flow from my assets.

My next goal would be to have the excess cash flow from my assets reinvested into the asset column. The more money that goes into my asset column, the more my asset column grows. The more

my assets grow, the more my cash flow grows. And as long as I keep my expenses less than the cash flow from these assets, I grow richer with more and more income from sources other than my physical labor.

As this reinvestment process continues, I am well on my way to becoming rich. Just remember this simple observation:

- **The rich buy assets.**
- **The poor only have expenses.**
- **The middle class buy liabilities they think are assets.**

So how do I start minding my own business? What is the answer? Listen to the founder of McDonald's in the next chapter.

## Chapter Three

# LESSON 3: MIND YOUR OWN BUSINESS

---

*The rich focus on their asset columns while everyone else focuses on their income statements.*

---

In 1974, Ray Kroc, the founder of McDonald's, was asked to speak to the MBA class at the University of Texas at Austin. A friend of mine was a student in that MBA class. After a powerful and inspiring talk, the class adjourned and the students asked Ray if he would join them at their favorite hangout to have a few beers. Ray graciously accepted.

"What business am I in?" Ray asked, once the group had all their beers in hand.

"Everyone laughed," my friend said. "Most of the MBA students thought Ray was just fooling around."

No one answered, so Ray asked again, "What business do you think I'm in?"

The students laughed again, and finally one brave soul yelled out, "Ray, who in the world doesn't know that you're in the hamburger business?"

Ray chuckled. "That's what I thought you would say." He paused and then quickly added, "Ladies and gentlemen, I'm not in the hamburger business. My business is real estate."

As my friend tells the story, Ray spent a good amount of time explaining his viewpoint. In his business plan, Ray knew that the primary business focus was to sell hamburger franchises, but what he never lost sight of was the location of each franchise. He knew that the land and its location were the most significant factors in the success of each franchise. Basically, the person who bought the franchise was also buying the real estate under the franchise for Ray Kroc's organization.

Today, McDonald's is the largest single owner of real estate in the world, owning even more than the Catholic church. McDonald's owns some of the most valuable intersections and street corners in America and around the globe.

My friend considers this as one of the most important lessons in his life. Today he owns car washes, but his business is the real estate under those car washes.

The previous chapter presented diagrams illustrating that most people work for everyone but themselves. They work first for the owners of the company, then for the government through taxes, and finally for the bank that owns their mortgage.

When I was a young boy, we did not have a McDonald's nearby. Yet my rich dad was responsible for teaching Mike and me the same lesson that Ray Kroc talked about at the University of Texas. It is secret number three of the rich. That secret is: Mind your own business. Financial struggle is often directly the result of people working all their lives for someone else. Many people will simply have nothing at the end of their working days to show for their efforts.

Our current educational system focuses on preparing today's youth to get good jobs by developing scholastic skills. Their lives will revolve around their wages or, as described earlier, their income column. Many will study further to become engineers, scientists, cooks, police officers, artists, writers, and so on. These professional skills allow them to enter the workforce and work for money.

But there is a big difference between your profession and your business. Often I ask people, "What is your business?" And they will

say, “Oh, I’m a banker.” Then I ask them if they own the bank. And they usually respond, “No, I work there.” In that instance, they have confused their profession with their business. Their profession may be a banker, but they still need their own business.

A problem with school is that you often become what you study. So if you study cooking, you become a chef. If you study the law, you become an attorney, and a study of auto mechanics makes you a mechanic. The mistake in becoming what you study is that too many people forget to mind their own business. They spend their lives minding someone else’s business and making that person rich.

To become financially secure, a person needs to mind their own business. Your business revolves around your asset column, not your income column. As stated earlier, the number-one rule is to know the difference between an asset and a liability, and to buy assets. The rich focus on their asset columns, while everyone else focuses on their income statements.

That is why we hear so often: “I need a raise.” “If only I had a promotion.” “I am going back to school to get more training so I

---

*Financial struggle is often the result of people working all their lives for someone else.*

---

can get a better job.” “I am going to work overtime.” “Maybe I can get a second job.”

In some circles, these are sensible ideas. But you are still not minding your own business. These ideas all still

focus on the income column and will only help a person become more financially secure if the additional money is used to purchase income-generating assets.

The primary reason the majority of the poor and middle class are fiscally conservative—which means, “I can’t afford to take risks”—is that they have no financial foundation. They have to cling to their jobs and play it safe.

When downsizing became the “in” thing to do, millions of workers found out their largest so-called asset, their home, was eating them alive. Their “asset” was costing them money every month. Their

car, another “asset,” was eating them alive. The golf clubs in the garage that cost \$1,000 were not worth \$1,000 anymore. Without job security, they had nothing to fall back on. What they thought were assets could not help them survive in a time of financial crisis.

I assume most of us have filled out a credit application to buy a house or a car. It’s always interesting to look at the “net-worth” section because of what accepted banking and accounting practices allow a person to count as assets.

One day when I wanted a loan, my financial position did not look too good. So I added my new golf clubs, my art collection, books, electronics, Armani suits, wristwatches, shoes, and other personal effects to boost the number in the asset column.

But I was turned down because I had too much investment real estate. The loan committee didn’t like that I made so much money from rent. They wanted to know why I did not have a normal job with a salary. They did not question the Armani suits, golf clubs, or art collection. Life is sometimes tough when you do not fit the standard profile.

I cringe every time I hear someone say to me that their net worth is a million dollars or \$100,000 dollars or whatever. One of the main reasons net worth is not accurate is simply because, the moment you begin selling your assets, you are taxed for any gains.

So many people have put themselves in deep financial trouble when they run short of income. To raise cash, they sell their assets. But their personal assets can generally be sold for only a fraction of the value that is listed on their personal balance sheet. Or if there is a gain on the sale of the assets, they are taxed on the gain. So again, the government takes its share, thus reducing the amount available to help them out of debt. That is why I say someone’s net worth is often “worth less” than they think.

Start minding your own business. Keep your daytime job, but start buying real assets, not liabilities or personal effects that have no real value once you get them home. A new car loses nearly 25 percent of the price you pay for it the moment you drive it off the lot. It is

not a true asset even if your banker lets you list it as one. My \$400 new titanium driver was worth \$150 the moment I teed off.

Keep expenses low, reduce liabilities, and diligently build a base of solid assets. For young people who have not yet left home, it is important for parents to teach them the difference between an asset and a liability. Get them to start building a solid asset column before they leave home, get married, buy a house, have kids, and get stuck in a risky financial position, clinging to a job, and buying everything on credit. I see so many young couples who get married and trap themselves into a lifestyle that will not let them get out of debt for most of their working years.

For many people, just as the last child leaves home, the parents realize they have not adequately prepared for retirement and they begin to scramble to put some money away. Then their own parents become ill and they find themselves with new responsibilities.

So what kind of assets am I suggesting that you or your children acquire? In my world, real assets fall into the following categories:

- *Businesses that do not require my presence* I own them, but they are managed or run by other people. If I have to work there, it's not a business. It becomes my job.
- *Stocks*
- *Bonds*
- *Income-generating real estate*
- *Notes (IOUs)*
- *Royalties from intellectual property such as music, scripts, and patents*
- *Anything else that has value, produces income or appreciates, and has a ready market*

As a young boy, my educated dad encouraged me to find a safe job. But my rich dad encouraged me to begin acquiring assets that I loved. “If you don’t love it, you won’t take care of it.” I collect real estate simply because I love buildings and land. I love shopping for them, and I could look at them all day long. When problems arise, the problems aren’t so bad that it changes my love for real estate. For people who hate real estate, they shouldn’t buy it.

I also love stocks of small companies, especially start-ups, because I am an entrepreneur, not a corporate person. In my early years, I worked in large organizations, such as Standard Oil of California, the U.S. Marine Corps, and Xerox Corp. I enjoyed my time with those organizations and have fond memories, but I know deep down I am not a company man. I like starting companies, not running them. So my stock buys are usually of small companies. Sometimes I even start the company and take it public. Fortunes are made in new stock issues, and I love the game. Many people are afraid of small-cap companies and call them risky, and they are. But that risk

---

*Start minding your own business. Keep your daytime job, but start buying real assets, not liabilities.*

---

is diminished if you love what the investment is, understand it, and know the game. With small companies, my investment strategy is to be out of the stock in a year. On the other hand, my real estate strategy is to start small and keep trading up for bigger properties

and, therefore, delay paying taxes on the gain. This allows the value to increase dramatically. I generally hold real estate less than seven years.

For years, even while I was with the Marine Corps and Xerox, I did what my rich dad recommended. I kept my day job, but I still minded my own business. I was active in my asset column trading real estate and small stocks. Rich dad always stressed the importance of financial literacy. The better I was at understanding the accounting and cash management, the better I would be at analyzing investments and eventually starting and building my own company.

I don't encourage anyone to start a company unless they really want to. Knowing what I know about running a company, I wouldn't wish that task on anyone. There are times when people can't find employment and starting a company seems like the best solution. But the odds are against success: Nine out of ten companies fail in five years. Of those that survive the first five years, nine out of every ten of those eventually fail as well. So only if you really have the desire to own your own company do I recommend it. Otherwise, keep your day job and mind your own business.

When I say mind your own business, I mean to build and keep your asset column strong. Once a dollar goes into it, never let it come out. Think of it this way: Once a dollar goes into your asset column, it becomes your employee. The best thing about money is that it works 24 hours a day and can work for generations. Keep your day job, be a great hardworking employee, but keep building that asset column.

As your cash flow grows, you can indulge in some luxuries. An important distinction is that rich people buy luxuries last, while the poor and middle class tend to buy luxuries first. The poor and the middle class often buy luxury items like big houses, diamonds, furs, jewelry, or boats because they want to look rich. They look rich, but in reality they just get deeper in debt on credit. The old-money people, the long-term rich, build their asset column first. Then the income generated from the asset column buys their luxuries. The poor and middle class buy luxuries with their own sweat, blood, and children's inheritance.

A true luxury is a reward for investing in and developing a real asset. For example, when my wife Kim and I had extra money coming from our apartment houses, she went out and bought her Mercedes. It didn't take any extra work or risk on her part because the apartment house bought the car. She did, however, have to wait four years while the real estate investment portfolio grew and began generating enough extra cash flow to pay for the car. But the luxury, the Mercedes, was a true reward because she proved she knew how to grow her asset column. That car now means a lot more to her than

simply another pretty car. It means she used her financial intelligence to afford it.

Instead, most people impulsively go out and buy a new car, or some other luxury, on credit. They may feel bored and just want a new toy. Buying a luxury on credit often causes a person to eventually resent that luxury because the debt becomes a financial burden.

After you've taken the time and invested in and built your own business, you are now ready to learn the biggest secret of the rich—the secret that puts the rich way ahead of the pack.

## Chapter Four

# LESSON 4: THE HISTORY OF TAXES AND THE POWER OF CORPORATIONS

---

*My rich dad just played the game smart,  
and he did it through corporations—  
the biggest secret of the rich.*

---

I remember in school being told the story of Robin Hood and his Merry Men. My teacher thought it was a wonderful story of a romantic hero who robbed from the rich and gave to the poor. My rich dad did not see Robin Hood as a hero. He called Robin Hood a crook.

Robin Hood may be long gone, but his followers live on. I often still hear people say, “Why don’t the rich pay for it?” or “The rich should pay more in taxes and give it to the poor.”

It is this Robin Hood fantasy, or taking from the rich to give to the poor, that has caused the most pain for the poor and the middle class. The reason the middle class is so heavily taxed is because of the Robin Hood ideal. The reality is that the rich are not taxed. It’s the middle class, especially the educated upper-income middle class, who pays for the poor.

Again, to understand fully how things happen, we need to look at the history of taxes. Although my highly educated dad was an expert on the history of education, my rich dad fashioned himself as an expert on the history of taxes.

Rich dad explained to Mike and me that originally, in England and America, there were no taxes. Occasionally, there were temporary taxes levied in order to pay for wars. The king or the president would put the word out and ask everyone to “chip in.” Taxes were levied in Britain for the fight against Napoleon from 1799 to 1816, and in America to pay for the Civil War from 1861 to 1865.

In 1874, England made income tax a permanent levy on its citizens. In 1913, an income tax became permanent in the United States with the adoption of the 16th Amendment to the U.S. Constitution. At one time, Americans were anti-tax. It had been the tax on tea that led to the famous Tea Party in Boston Harbor, an incident that helped ignite the Revolutionary War. It took approximately 50 years in both England and the United States to sell the idea of a regular income tax.

What these historical dates fail to reveal is that both of these taxes were initially levied against only the rich. It was this point that rich dad wanted Mike and me to understand. He explained that the idea of taxes was made popular, and accepted by the majority, by telling the poor and the middle class that taxes were created only to punish the rich. This is how the masses voted for the law, and it became constitutionally legal. Although it was intended to punish the rich, in reality it wound up punishing the very people who voted for it, the poor and middle class.

“Once government got a taste of money, its appetite grew,” said rich dad. “Your dad and I are exactly opposite. He’s a government bureaucrat, and I am a capitalist. We get paid, and our success is measured on opposite behaviors. He gets paid to spend money and hire people. The more he spends and the more people he hires, the larger his organization becomes. In the government, a large organization is a respected organization. On the other hand, within my organization, the fewer people I hire and the less money I spend, the more I am respected by my investors. That’s why I don’t like government people. They have different objectives than most business people. As the government grows, more and more tax dollars are needed to support it.”

My educated dad sincerely believed that government should help people. He loved John F. Kennedy and especially the idea of the Peace

Corps. He loved the idea so much that both he and my mom worked for the Peace Corps, training volunteers to go to Malaysia, Thailand, and the Philippines. He always strived for additional grants and budget increases so he could hire more people, both in his job with the Education Department and in the Peace Corps.

From the time I was about 10 years old, I would hear from my rich dad that government workers were a pack of lazy thieves, and from

---

*My rich dad did not see  
Robin Hood as a hero.  
He called Robin Hood  
a crook.*

---

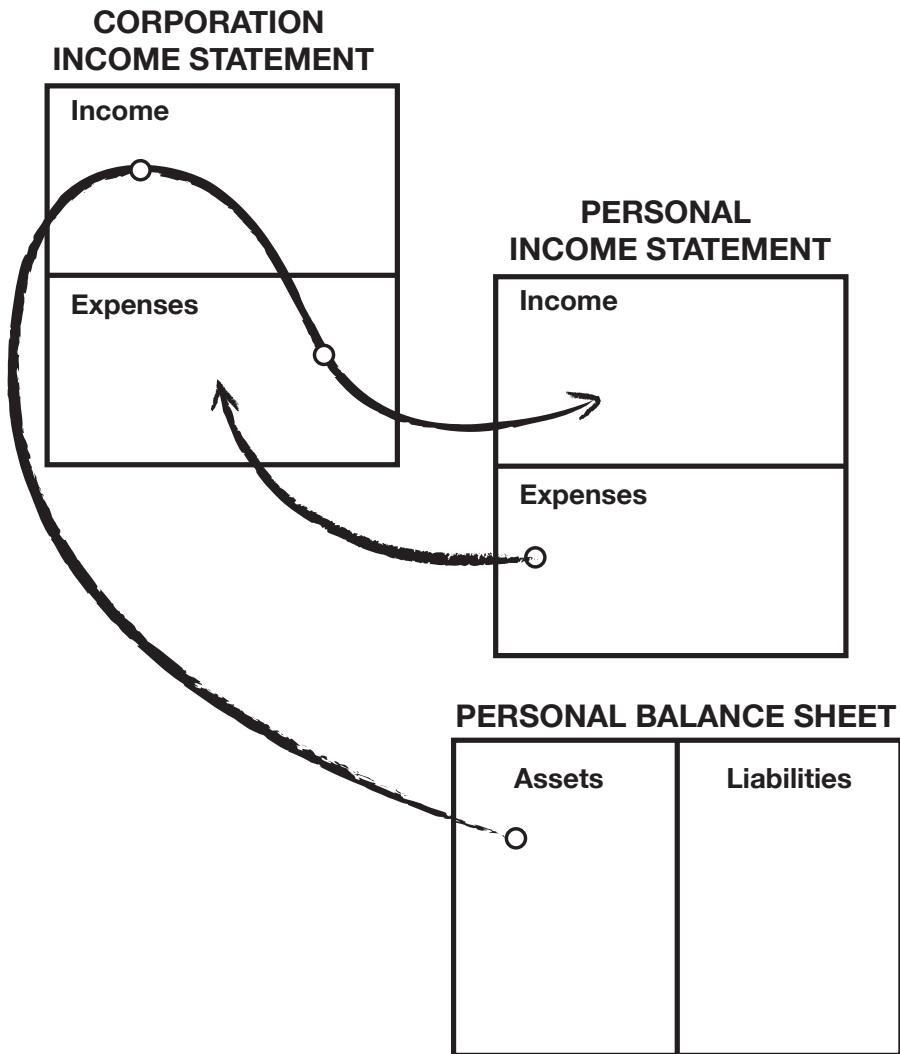
my poor dad I would hear how the rich were greedy crooks who should be made to pay more taxes. Both sides had valid points. It was difficult to go to work for one of the biggest capitalists in town and come home to a father who

was a prominent government leader. It was not easy to know which dad to believe.

Yet when you study the history of taxes, an interesting perspective emerges. As I said, the passage of taxes was only possible because the masses believed in the Robin Hood theory of economics: Take from the rich, and give to everyone else. The problem was that the government's appetite for money was so great that taxes soon needed to be levied on the middle class, and from there it kept trickling down.

However, the rich saw an opportunity because they don't play by the same set of rules. The rich knew about corporations, which became popular in the days of sailing ships. The rich created the corporation as a vehicle to limit their risk to the assets of each voyage. The rich put their money into a corporation to finance the voyage. The corporation would then hire a crew to sail to the New World to look for treasure. If the ship was lost, the crew lost their lives, but the loss to the rich would be limited only to the money they invested for that particular voyage.

The diagram that follows shows how the corporate structure sits outside your personal income statement and balance sheet.



It is the knowledge of the legal corporate structure that really gives the rich a vast advantage over the poor and the middle class. Having two fathers teaching me, one a socialist and the other a capitalist, I quickly began to realize that the philosophy of the capitalist made more financial sense to me. It seemed to me that the socialists ultimately penalized themselves due to their lack of financial education. No matter what the “take-from-the-rich” crowd came up with, the rich always found a way to outsmart them. That is how taxes were eventually levied on the middle class. The rich outsmarted the intellectuals solely because they understood the power of money, a subject not taught in schools.

How did the rich outsmart the intellectuals? Once the “take-from-the-rich” tax was passed, cash started flowing into government coffers. Initially, people were happy. Money was handed out to government workers and the rich. It went to government workers in the form of jobs and pensions, and it went to the rich via their factories receiving government contracts. The government received a large pool of money, but the problem was the fiscal management of that money. The government ideal is to avoid having excess money. If you fail to spend your allotted funds, you risk losing it in the next budget. You would certainly not be recognized for being efficient. Business people, on the other hand, are rewarded for having excess money and are applauded for their efficiency. As this cycle of growing government spending continued, the demand for money increased, and the “tax-the-rich” idea was adjusted to include lower-income levels, down to the very people who voted it in, the poor and the middle class.

True capitalists used their financial knowledge to simply find an escape. They headed back to the protection of a corporation. But what many people who have never formed a corporation don’t know is that a corporation is not really a thing. A corporation is merely a file folder with some legal documents in it, sitting in some attorney’s office and registered with a state government agency. It’s not a big building or a factory or a group of people. A corporation is merely a legal document that creates a legal body without a soul. Using it, the wealth of the rich was once again protected. It was popular because the income-tax rate of a corporation is less than the individual

income-tax rates. In addition, certain expenses could be paid by a corporation with pre-tax dollars.

This war between the haves and have-nots has raged for hundreds of years. The battle is waged whenever and wherever laws are made, and it will go on forever. The problem is that the people who lose are the uninformed: the ones who get up every day and diligently go to work and pay taxes. If they only understood the way the rich play the game, they could play it too. Then they would be on their way to their own financial independence. This is why I cringe every time I hear a parent advise their children to go to school so they can find a safe, secure job. An employee with a safe, secure job, without financial aptitude, has no escape.

Average Americans today work four to five months for the government just to cover their taxes. In my opinion, that is simply too long. The harder you work, the more you pay the government. That is why I believe that the idea of “take-from-the-rich” backfired on the very people who voted it in.

Every time people try to punish the rich, the rich don’t simply comply. They react. They have the money, power, and intent to change things. They don’t just sit there and voluntarily pay more taxes. Instead, they search for ways to minimize their tax burden. They hire smart attorneys and accountants, and persuade politicians to change laws or create legal loopholes. They use their resources to effect change.

The Tax Code of the United States also allows other ways to reduce taxes. Most of these vehicles are available to anyone, but it is the rich who find them because they are minding their own business. For example, “1031” is jargon for Section 1031 of the Internal Revenue Code which allows a seller to delay paying taxes on a piece of real estate that is sold for a capital gain through an exchange for a more expensive piece of real estate. Real estate is one investment vehicle that has a great tax advantage. As long as you keep trading up in value, you will not be taxed on the gains until you liquidate. People who don’t take advantage of these legal tax savings are missing a great opportunity to build their asset columns.

The poor and middle class don't have the same resources. They sit there and let the government's needles enter their arm and allow the blood donation to begin. Today, I am constantly shocked at the number of people who pay more taxes, or take fewer deductions, simply because they are afraid of the government. I have friends who have had their businesses shut down and destroyed, only to find out it was a mistake on the part of the government. I realize all that. But the price of working from January to May is a high price to pay for that intimidation. My poor dad never fought back. My rich dad didn't either. He just played the game smarter, and he did it through corporations—the biggest secret of the rich.

You may remember the first lesson I learned from my rich dad. I was a little boy of 9 who had to sit and wait for him to choose to talk to me. I sat in his office waiting for him to get to me. He was ignoring me on purpose. He wanted me to recognize his power and to desire to have that power for myself one day. During all the years I studied and learned from him, he always reminded me that knowledge is power.

---

*If you work for money,  
you give the power to  
your employer.  
If money works for you,  
you keep the power and  
control it.*

---

And with money comes great power that requires the right knowledge to keep it and make it multiply. Without that knowledge, the world pushes you around. Rich dad constantly reminded Mike and me that the biggest bully was not the boss or the supervisor, but the tax man. The tax man will always take

more if you let him. The first lesson of having money work for you, as opposed to you working for money, is all about power. If you work for money, you give the power to your employer. If money works for you, you keep the power and control it.

Once we had this knowledge of the power of money working for us, he wanted us to be financially smart and not let anyone or anything push us around. If you're ignorant, it's easy to be bullied. If you know what you're talking about, you have a fighting chance. That is why he paid so much for smart tax accountants and attorneys. It was less expensive to pay them than to pay the government. His

best lesson to me was: “Be smart and you won’t be pushed around as much.” He knew the law because he was a law-abiding citizen and because it was expensive to not know the law. “If you know you’re right, you’re not afraid of fighting back.” Even if you are taking on Robin Hood and his band of Merry Men.

My highly educated dad always encouraged me to land a good job with a strong corporation. He spoke of the virtues of “working your way up the corporate ladder.” He didn’t understand that, by relying solely on a paycheck from a corporate employer, I would be a docile cow ready for milking.

When I told my rich dad of my father’s advice, he only chuckled. “Why not own the ladder?” was all he said.

As a young boy, I did not understand what rich dad meant by owning my own corporation. It was an idea that seemed impossible and intimidating. Although I was excited by the idea, my inexperience wouldn’t let me envision the possibility that grown-ups would someday work for a company I would own.

---

*Each dollar  
in my asset column  
was a great employee,  
working hard to make  
more employees  
and buy the boss  
a new Porsche.*

---

The point is that, if not for my rich dad, I would have probably followed my educated dad’s advice. It was merely the occasional reminder of my rich dad that kept the idea of owning my own corporation alive and kept me on a different path. By the time I was 15 or 16, I knew I wasn’t going to continue down the path my educated

dad recommended. I didn’t know how I was going to do it, but I was determined not to head in the direction most of my classmates were heading. That decision changed my life.

It was not until my mid-twenties that my rich dad’s advice began to make more sense to me. I was just out of the Marine Corps and working for Xerox. I was making a lot of money, but every time I looked at my paycheck, I was disappointed. The deductions were so large and, the more I worked, the greater they became. As I became

more successful, my bosses talked about promotions and raises. It was flattering, but I could hear my rich dad asking in my ear: "Who are you working for? Who are you making rich?"

In 1974, while still an employee for Xerox, I formed my first corporation and began minding my own business. There were already a few assets in my asset column, but now I was determined to focus on making it bigger. Those paychecks, with all the deductions, made all the years of my rich dad's advice make total sense. I could see the future if I followed my educated dad's advice.

Many employers feel that advising their workers to mind their own business is bad for business. But for me, focusing on my own business and developing assets made me a better employee because I now had a purpose. I came in early and worked diligently, amassing as much money as possible so I could invest in real estate. Hawaii was just set to boom, and there were fortunes to be made. The more I realized that we were in the beginning stages of a boom, the more Xerox machines I sold. The more I sold, the more money I made and, of course, the more deductions came out of my paycheck. It was inspiring. I wanted out of the employee trap so badly that I worked even harder so I could invest more. By 1978, I was consistently one of the top five sales people at the company. I badly wanted out of the Rat Race.

In less than three years, I was making more in my real estate holding corporation than I was making at Xerox. And the money I was making in my asset column in my own corporation was money working for me, not me pounding on doors selling copiers. My rich dad's advice made much more sense. Soon the cash flow from my properties was so strong that my company bought me my first Porsche. My fellow Xerox salespeople thought I was spending my commissions. I wasn't. I was investing my commissions in assets.

My money was working hard to make more money. Each dollar in my asset column was a great employee, working hard to make more employees and buy the boss a new Porsche with before-tax dollars. I began to work harder for Xerox. The plan was working,

and my Porsche was the proof. By using the lessons I learned from my rich dad, I was able to get out of the proverbial Rat Race at an early age. It was made possible because of the strong financial knowledge I had acquired through rich dad's lessons.

Without this financial knowledge, which I call financial intelligence or financial IQ, my road to financial independence would have been much more difficult. I now teach others in the hope that I may share my knowledge with them.

I remind people that financial IQ is made up of knowledge from four broad areas of expertise:

### ***1. Accounting***

Accounting is financial literacy or the ability to read numbers. This is a vital skill if you want to build an empire. The more money you are responsible for, the more accuracy is required, or the house comes tumbling down. This is the left-brain side, or the details. Financial literacy is the ability to read and understand financial statements which allows you to identify the strengths and weaknesses of any business.

### ***2. Investing***

Investing is the science of “money making money.” This involves strategies and formulas which use the creative right-brain side.

### ***3. Understanding markets***

Understanding markets is the science of supply and demand. You need to know the technical aspects of the market, which are emotion-driven, in addition to the fundamental or economic aspects of an investment. Does an investment make sense or does it not make sense based on current market conditions?

### ***4. The law***

A corporation wrapped around the technical skills of accounting, investing, and markets can contribute to explosive growth. A person who understands the tax advantages and protections provided by a corporation can get rich so much

faster than someone who is an employee or a small-business sole proprietor. It's like the difference between someone walking and someone flying. The difference is profound when it comes to long-term wealth.

- **Tax advantages**

A corporation can do many things that an employee cannot, like pay expenses before paying taxes. That is a whole area of expertise that is very exciting. Employees earn and get taxed, and they try to live on what is left. A corporation earns, spends everything it can, and is taxed on anything that is left. It's one of the biggest legal tax loopholes that the rich use. They're easy to set up and are not expensive if you own investments that are producing good cashflow. For example, by owning your own corporation, your vacations can be board meetings in Hawaii. Car payments, insurance, repairs, and health-club memberships are company expenses. Most restaurant meals are partial expenses, and on and on. But it's done legally with pre-tax dollars.

- **Protection from lawsuits**

We live in a litigious society. Everybody wants a piece of your action. The rich hide much of their wealth using vehicles such as corporations and trusts to protect their assets from creditors. When someone sues a wealthy individual, they are often met with layers of legal protection and often find that the wealthy person actually owns nothing. They control everything, but own nothing. The poor and middle class try to own everything and lose it to the government or to fellow citizens who like to sue the rich. They learned it from the Robin Hood story: Take from the rich, and give it to the poor.

It is not the purpose of this book to go into the specifics of owning a corporation. But I will say that if you own any kind of legitimate assets, I would consider finding out more about the benefits and protection offered by a corporation as soon as possible. There are many books written on the subject that will detail the benefits and even walk you through the steps necessary to set up a corporation. Garret Sutton's books on corporations provide wonderful insight into the power of personal corporations.

Financial IQ is actually the synergy of many skills and talents. I would say it is the combination of the four technical skills listed above that make up basic financial intelligence. If you aspire to great wealth, it is the combination of these skills that will greatly amplify your financial intelligence.

In summary:

<b>Business Owners with Corporations</b>	<b>Employees Who Work for Corporations</b>
1. Earn	1. Earn
2. Spend	2. Pay Taxes
3. Pay Taxes	3. Spend

As part of your overall financial strategy, I recommend that you learn about the protection that legal entities can provide for businesses and assets.

## Chapter Five

# LESSON 5: THE RICH INVENT MONEY

---

*Often in the real world, it's not the smart  
who get ahead, but the bold.*

---

Last night, I took a break from writing and watched a TV program on the history of a young man named Alexander Graham Bell. Bell had just patented his telephone and was having growing pains because the demand for his new invention was so strong. Needing a bigger company, he then went to the giant at that time, Western Union, and asked them if they would buy his patent and his tiny company. He wanted \$100,000 for the whole package. The president of Western Union scoffed at him and turned him down, saying the price was ridiculous. The rest is history. A multi-billion-dollar industry emerged, and AT&T was born.

The evening news came on right after the story of Alexander Graham Bell. On the news was a story of another downsizing at a local company. The workers were angry and complained that the company ownership was unfair. A terminated manager of about 45 years of age had his wife and two babies at the plant and was begging the guards to let him talk to the owners to ask if they would reconsider his termination. He had just bought a house and was afraid of losing it. The camera focused in on his pleading for all the world to see. Needless to say, it held my attention.

I have been teaching professionally since 1984. It has been a great experience and a rewarding one. It is also a disturbing profession, for I have taught thousands of individuals and I see one thing in common in all of us, myself included. We all have tremendous potential, and we all are blessed with gifts. Yet the one thing that holds all of us back is some degree of self-doubt. It is not so much the lack of technical information that holds us back, but more the lack of self-confidence. Some are more affected than others.

Once we leave school, most of us know that it is not so much a matter of college degrees or good grades that count. In the real world outside of academics, something more than just grades is required. I have heard it called many things; guts, chutzpah, balls, audacity, bravado, cunning, daring, tenacity, and brilliance. This factor, whatever it is labeled, ultimately decides one's future much more than school grades do.

Inside each of us is one of these brave, brilliant, and daring characters. There is also the flip side of that character: people who could get down on their knees and beg if necessary. After a year in Vietnam as a Marine Corps pilot, I got to know both of those characters inside of me intimately. One is not better than the other.

Yet as a teacher, I recognized that it was excessive fear and self-doubt that were the greatest detractors of personal genius. It broke my heart to see students know the answers, yet lack the courage to act on the answer. Often in the real world, it's not the smart who get ahead, but the bold.

In my personal experience, your financial genius requires both technical knowledge as well as courage. If fear is too strong, the genius is suppressed. In my classes, I strongly urge students to learn to take risks, to be bold, and to let their genius convert that fear into power and brilliance. It works for some and just terrifies others. I have come to realize that for most people, when it comes to the subject of money, they would rather play it safe. I have had to field questions such as: "Why take risks?" "Why should I bother developing my financial IQ?" "Why should I become financially literate?" And I answer, "Just to have more options."

There are huge changes up ahead. In the coming years, there will be more people just like the young inventor Alexander Graham Bell. There will be a hundred people like Bill Gates and hugely successful companies like Microsoft created every year, all over the world. And there also will be many more bankruptcies, layoffs, and downsizings.

So why bother developing your financial IQ? No one can answer that but you. Yet I can tell you why I myself do it. I do it because it is the most exciting time to be alive. I'd rather be welcoming change than dreading change. I'd rather be excited about making millions than worrying about not getting a raise. This period we are in now is a most exciting time, unprecedented in our world's history. Generations from now, people will look back at this period of time and remark at what an exciting era it must have been. It was the death of the old and birth of the new. It was full of turmoil, and it was exciting.

So why bother developing your financial IQ? Because if you do, you will prosper greatly. And if you don't, this period of time will be a frightening one. It will be a time of watching some people move boldly forward while others cling to worn-out life preservers.

Land was wealth 300 years ago. So the person who owned the land owned the wealth. Later, wealth was in factories and production, and America rose to dominance. The industrialist owned the wealth. Today, wealth is in information. And the person who has the most timely information owns the wealth. The problem is that information flies around the world at the speed of light. The new wealth cannot be contained by boundaries and borders as land and factories were. The changes will be faster and more dramatic. There will be a dramatic increase in the number of new multimillionaires. There also will be those who are left behind.

I find so many people struggling today, often working harder, simply because they cling to old ideas. They want things to be the way they were, and they resist change. I know people who are losing their jobs or their houses, and they blame technology or the economy or their boss. Sadly, they fail to realize that they might be the problem. Old ideas are their biggest liability. It is a liability simply because they

fail to realize that while that idea or way of doing something was an asset yesterday, yesterday is gone.

One afternoon I was teaching how to invest using a board game I had invented, *CASHFLOW®*, as a teaching tool. A friend had brought someone along to attend the class. This friend of a friend was recently divorced, had been badly burned in the divorce settlement, and was now searching for some answers. Her friend thought the class might help.

The game was designed to help people learn how money works. In playing the game, they learn about the interaction of the income

---

statement with the balance sheet.

*You can play CASHFLOW*

*Classic on the web at  
www.richdad.com and  
learn how money works.*

---

They learn how cash flows between the two and how the road to wealth is through striving to increase your monthly cash flow from the asset column to the point that it exceeds

your monthly expenses. Once you accomplish this, you are able to get out of the Rat Race and out onto the Fast Track.

As I have said, some people hate the game, some love it, and others miss the point. This woman missed a valuable opportunity to learn something. In the opening round, she drew a “doodad” card with the boat on it. At first she was happy. “Oh, I’ve got a boat.” Then, as her friend tried to explain how the numbers worked on her income statement and balance sheet, she got frustrated because she had never liked math. The rest of her table waited while her friend continued explaining the relationship between the income statement, balance sheet, and monthly cash flow. Suddenly, when she realized how the numbers worked, it dawned on her that her boat was eating her alive. Later on in the game, she was also downsized and had a child. It was a horrible game for her.

After the class, her friend came by and told me that she was upset. She had come to the class to learn about investing and did not like the idea that it took so long to play a silly game.

Her friend attempted to tell her to look within herself to see if the game reflected her in any way. With that suggestion, the woman

demanded her money back. She said that the very idea that a game could be a reflection of her was ridiculous. Her money was promptly refunded, and she left.

Since 1984, I have made millions simply by doing what the school system does not do. In school, most teachers lecture. I hated lectures as a student. I was soon bored, and my mind would drift.

In 1984, I began teaching via games and simulations, and I still rely on these tools today. I always encourage adult students to look at games as reflecting back to them what they know and what they need to learn. Most importantly, games reflect behavior. They are instant feedback systems. Instead of the teacher lecturing you, the game is giving you a personalized lecture, one that is custom-made just for you.

The friend of the woman who left later called to give me an update. She said her friend was fine and had calmed down. In her cooling-off period, she could see some slight relationship between the game and her life. Although she and her husband did not own a

---

### *Games reflect behavior.*

*They are instant  
feedback systems.*

---

boat, they did own everything else imaginable. She was angry after their divorce, both because he had run off with a younger woman and because, after twenty years of marriage,

they had accumulated little in the way of assets. There was virtually nothing for them to split. Their twenty years of married life had been incredible fun, but all they had accumulated was a ton of doodads.

She realized that her anger at doing the numbers—the income statement and balance sheet—came from her embarrassment about not understanding them. She had believed that finances were the man's job. She maintained the house and did the entertaining, and he handled the finances. She was now quite certain, that in the last five years of their marriage, he had hidden money from her. She was angry at herself for not being more aware of where the money was going, as well as for not knowing about the other woman.

Just like a board game, the world is always providing us with instant feedback. We could learn a lot if we tuned in more. One day not long ago, I complained to my wife that the cleaners must have shrunk my pants. My wife gently smiled and poked me in the stomach to inform me that the pants had not shrunk. Something else had expanded—me!

The *CASHFLOW* game was designed to give every player personal feedback. Its purpose is to give you options. If you draw the boat card and it puts you into debt, the question is: “Now what can you do? How many different financial options can you come up with?” That is the purpose of the game: to teach players to think and create new and various financial options. Thousands of people throughout the world have played this game. The players who get out of the Rat Race the quickest are the people who understand numbers and have creative financial minds. They recognize different financial options. Rich people are often creative and take calculated risks. People who take the longest are people who are not familiar with numbers and often do not understand the power of investing.

---

*Play CASHFLOW Classic  
on the web at  
[www.richdad.com](http://www.richdad.com)*

*What did you learn about  
your true behavior from  
playing the game*

---

Some people playing *CASHFLOW* gain lots of money in the game, but they don't know what to do with it. Even though they have money, everyone else seems to be getting ahead of them. And that is true in real life. There are a lot of people who have a lot of money and do not get ahead financially.

Limiting your options is the same as hanging on to old ideas. I have a friend from high school who now works at three jobs. Years ago, he was the richest of all my classmates. When the local sugar plantation closed, the company he worked for went down with the plantation. In his mind, he had but one option, and that was the old option: Work hard. The problem was that he couldn't find an equivalent job that recognized his seniority from the old company.

As a result, he is overqualified for the jobs he currently has, so his salary is lower. He now works three jobs to earn enough to survive.

I have watched people playing *CASHFLOW* complain that the right opportunity cards are not coming their way. So they sit there. I know people who do that in real life. They wait for the right opportunity.

I have watched people get the right opportunity card and then not have enough money. Then they complain that they would have gotten out of the Rat Race if they had had more money. So they sit there. I know people in real life who do that also. They see all the great deals, but they have no money.

And I have seen people pull a great opportunity card, read it out loud, and have no idea that it is a great opportunity. They have the money, the time is right, they have the card, but they can't see the opportunity staring them in the face. They fail to see how it fits into their financial plan for escaping the Rat Race. And I know more people like that than all the others combined. Most people have an opportunity of a lifetime flash right in front of them, and they fail to see it. A year later, they find out about it, after everyone else got rich.

Financial intelligence is simply having more options. If the opportunities aren't coming your way, what else can you do to improve your financial position? If an opportunity lands in your lap and you have no money and the bank won't talk to you, what else can you do to get the opportunity to work in your favor? If your hunch is wrong, and what you've been counting on doesn't happen, how can you turn a lemon into millions? That is financial intelligence. It is not so much what happens, but how many different financial solutions you can think of to turn a lemon into millions. It is how creative you are in solving financial problems.

Most people only know one solution: Work hard, save, and borrow. So why would you want to increase your financial intelligence? Because you want to be the kind of person who creates your own luck. You take whatever happens and make it better. Few people realize that luck is created, just as money is. And if you want to be luckier and create money instead of working hard, then your financial intelligence is important. If you are the kind of person who is waiting for the right

thing to happen, you might wait for a long time. It's like waiting for all the traffic lights to be green for five miles before you'll start your trip.

As young boys, Mike and I were constantly told by my rich dad that "money is not real." Rich dad occasionally reminded us of how close we came to the secret of money on that first day we got together and began "making money" out of plaster of paris. "The poor and middle class work for money," he would say. "The rich make money. The more real you think money is, the harder you will work for it. If you can grasp the idea that money is not real, you will grow richer faster."

"What is it?" was a question Mike and I often came back with.  
"What is money if it is not real?"

"What we agree it is," was all rich dad would say.

The single most powerful asset we all have is our mind. If it is trained well, it can create enormous wealth seemingly instantaneously. An untrained mind can also create extreme poverty that can crush a family for generations.

In the Information Age, money is increasing exponentially. A few individuals are getting ridiculously rich from nothing, just ideas and

---

*The single most  
powerful asset we all  
have is our mind.  
If it is trained well,  
it can create  
enormous wealth.*

---

agreements. If you ask many people who trade stocks or other investments for a living, they see it done all the time. Often, millions can be made instantaneously from nothing. And by nothing, I mean no money was exchanged. It is done via agreement: a

hand signal in a trading pit, a blip on a trader's screen in Lisbon from a trader's screen in Toronto and back to Lisbon, a call to my broker to buy and a moment later to sell. Money did not change hands. Agreements did.

So why develop your financial genius? Only you can answer that. I can tell you why I have been developing this area of my intelligence. I do it because I want to make money fast. Not because I need to, but because I want to. It is a fascinating learning process. I develop my financial IQ because I want to participate in the fastest game and

biggest game in the world. And in my own small way, I would like to be part of this unprecedented evolution of humanity, the era where humans work purely with their minds and not with their bodies. Besides, it is where the action is. It is what is happening. It's hip. It's scary. And it's fun.

That is why I invest in my financial intelligence, developing the most powerful asset I have. I want to be with people moving boldly forward. I do not want to be with those left behind.

I will give you a simple example of creating money. In the early 1990s, the economy of Phoenix, Arizona, was horrible. I was watching a TV show when a financial planner came on and began forecasting doom and gloom. His advice was to save money. "Put \$100 away every month," he said. "In 40 years you will be a multimillionaire."

Well, putting money away every month is a sound idea. It is one option—the option most people subscribe to. The problem is this: It blinds the person to what is really going on. It causes them to miss major opportunities for much more significant growth of their money. The world is passing them by.

As I said, the economy was terrible at that time. For investors, this is the perfect market condition. A chunk of my money was in the stock market and in apartment houses. I was short of cash. Because people were giving properties away, I was buying. I was not saving money. I was investing. Kim and I had more than a million dollars in cash working in a market that was rising fast. It was the best opportunity to invest. The economy was terrible. I just could not pass up these small deals.

Houses that were once \$100,000 were now \$75,000. But instead of shopping with local real estate agents, I began shopping at the bankruptcy attorney's office, or the courthouse steps. In these shopping places, a \$75,000 house could sometimes be bought for \$20,000 or less. For \$2,000, which was loaned to me from a friend for 90 days for \$200, I gave an attorney a cashier's check as a down payment. While the acquisition was being processed, I ran an ad advertising a \$75,000 house for only \$60,000 and no money down.

The phone rang hard and heavy. Prospective buyers were screened and once the property was legally mine, all the prospective buyers were allowed to look at the house. It was a feeding frenzy. The house sold in a few minutes. I asked for a \$2,500 processing fee, which they gladly handed over, and the escrow and title company took over from there. I returned the \$2,000 to my friend with an additional \$200. He was happy, the home buyer was happy, the attorney was happy, and I was happy. I had sold a house for \$60,000 that cost me \$20,000. The \$40,000 was created from money in my asset column in the form of a promissory note from the buyer. Total working time: five hours.

So now that you are on your way to becoming more financially literate and skilled at reading numbers, I will show you why this is an example of money being invented.

*\$40,000 is created in the asset column. Money is invented without being taxed. At 10 percent interest, \$4,000 a year in cash flow is added to income.*

#### INCOME STATEMENT

Income

Expenses

Taxes  
Mortgage Payment

#### BALANCE SHEET

Assets

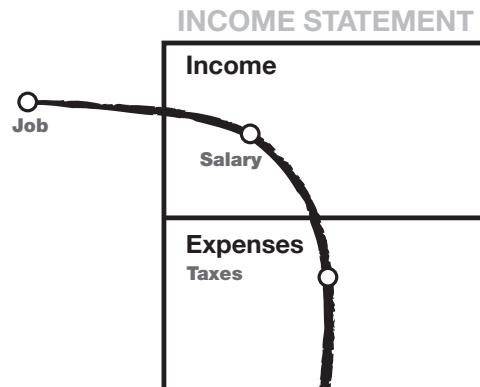
\$40,000 Note

Liabilities

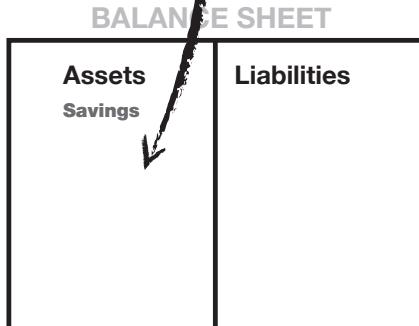
\$20,000 Mortgage

During this depressed market, Kim and I were able to do six of these simple transactions in our spare time. While the bulk of our money was in larger properties and the stock market, we were able to create more than \$190,000 in assets (notes at 10 percent interest) in those six “buy, create, and sell” transactions. That comes to approximately \$19,000 a year income, much of it sheltered through our private corporation. Much of that \$19,000 a year goes to pay for our company cars, gas, trips, insurance, dinners with clients, and other things. By the time the government gets a chance to tax that income, it's been spent on legally allowed pre-tax expenses.

*How much income would you have to earn if the government takes 50 percent in taxes?*



*How long would it take you to save \$40,000?*



This was a simple example of how money is invented, created, and protected using financial intelligence.

Ask yourself: How long would it take to save \$190,000? Would the bank pay you 10 percent interest on your money? And the promissory note is good for 30 years. I hope they never pay me the \$190,000. I have to pay a tax if they pay me the principal, and besides, \$19,000 paid over 30 years is a little over \$500,000 in income.

I have people ask what happens if the person doesn't pay. That does happen, and it's good news. That \$60,000 home could be taken back and re-sold for \$70,000, and another \$2,500 collected as a loan-processing fee. It would still be a zero-down transaction in the mind of the new buyer. And the process would go on.

The first time I sold the house, I paid back the \$2,000, so technically, I have no money in the transaction. My return on investment (ROI) is infinity. It's an example of no money making a lot of money.

In the second transaction, when re-sold, I would have put \$2,000 in my pocket and re-extended the loan to 30 years. What would my ROI be if I got paid money to make money? I do not know, but it sure beats saving \$100 a month, which actually starts out as \$150 because it's after-tax income for 40 years earning low interest. And again, you're taxed on the interest. That is not too intelligent. It may be safe, but it's not smart.

A few years later, as the Phoenix real estate market strengthened, those houses we sold for \$60,000 became worth \$110,000. Foreclosure opportunities were still available, but became rare. It cost a valuable asset, my time, to go out looking for them. Thousands of buyers were looking for the few available deals. The market had changed. It was time to move on and look for other opportunities to put in the asset column.

"You can't do that here." "That is against the law." "You're lying." I hear those comments much more often than "Can you show me how to do that?" The math is simple. You do not need algebra or calculus. And the escrow company handles the legal transaction and the servicing of the payments. I have no roofs to fix or toilets to unplug because the owners do that. It's their house. Occasionally someone does not pay. And that is wonderful because there are late fees, or they move out and the property is sold again. The court system handles that.

And it may not work in your area. The market conditions may be different. But the example illustrates how a simple financial process can create hundreds of thousands of dollars, with little money and low risk. It is an example of money being only an agreement. Anyone with a high school education can do it.

Yet most people won't. Most people listen to the standard advice of "Work hard and save money."

For about 30 hours of work, approximately \$190,000 was created in the asset column, and no taxes were paid.

***Which one sounds harder to you?***

- 1. Work hard. Pay 50% in taxes. Save what is left.**

**Your savings then earn 5%, which is also taxed.**

**OR**

- 2. Take the time to develop your financial intelligence**

**Harness the power of your brain and the asset column.**

If you use option number one, be sure to factor in how much time it takes you to save \$190,000. Time is one of your greatest assets.

Now you may understand why I silently shake my head when I hear parents say, "My child is doing well in school and receiving a good education." It may be good, but is it adequate?

I know the above investment strategy is a small one. It is used to illustrate how small can grow into big. Again, my success reflects the importance of a strong financial foundation, which starts with a strong financial education.

I have said it before, but it's worth repeating. Financial intelligence is made up of these four main technical skills:

**1. *Accounting***

Accounting is financial literacy, or the ability to read numbers. This is a vital skill if you want to build businesses or investments.

**2. *Investing***

Investing is the science of money making money.

**3. *Understanding markets***

Understanding markets is the science of supply and demand Alexander Graham Bell gave the market what it wanted. So did Bill Gates. A \$75,000 house offered for \$60,000 that cost \$20,000 was also the result of seizing an opportunity created by the market. Somebody was buying, and someone was selling.

**4. *The law***

The law is the awareness of accounting corporate, state and federal regulations. I recommend playing by the rules.

It is this basic foundation, or the combination of these skills, that is needed to be successful in the pursuit of wealth, whether it be through the buying of small homes, apartment buildings, companies, stocks, bonds, precious metals, baseball cards, or the like.

A few years later, the real estate market rebounded and everyone else was getting in. The stock market was booming, and everyone was getting in. The U.S. economy was getting back on its feet. I began selling and was now traveling to Peru, Norway, Malaysia, and the Philippines. The investment landscape had changed. We were no longer buying real estate. Now I just watch the values climb inside the asset column and will probably begin selling. I suspect that some of those six little house deals will sell and the \$40,000 note will be

converted to cash. I need to call my accountant to be prepared for cash and seek ways to shelter it.

The point I would like to make is that investments come and go. The market goes up and comes down. Economies improve and crash. The world is always handing you opportunities of a lifetime, every day of your life, but all too often we fail to see them. But they are there. And the more the world changes and the more technology changes, the more opportunities there will be to allow you and your family to be financially secure for generations to come.

So why bother developing your financial intelligence? Again, only you can answer that. I know why I continue to learn and develop. I do it because I know there are changes coming. I'd rather welcome change than cling to the past. I know there will be market booms and market crashes. I want to continually develop my financial intelligence because, at each market change, some people will be on their knees begging for their jobs. Others, meanwhile, will take the lemons that life hands them—and we are all handed lemons occasionally—and turn them into millions. That's financial intelligence.

I am often asked about the lemons I have turned into millions. I hesitate using many more examples of personal investments because I am afraid it comes across as bragging or tooting my own horn. That is not my intention. I use the examples only as numerical and chronological illustrations of actual and simple cases. I use the examples because I want you to know that it is easy. And the more familiar you become with the four pillars of financial intelligence, the easier it becomes.

Personally, I use two main vehicles to achieve financial growth: real estate and small-cap stocks. I use real estate as my foundation. Day in and day out, my properties provide cash flow and occasional spurts of growth in value. The small-cap stocks are used for fast growth.

I do not recommend anything that I do. The examples are just that—examples. If the opportunity is too complex and I do not understand the investment, I don't do it. Simple math and common sense are all you need to do well financially.

***There are five reasons for using examples:***

1. To inspire people to learn more.
2. To let people know it is easy if the foundation is strong.
3. To show that anyone can achieve great wealth.
4. To show that there are millions of ways to achieve your goals.
5. To show that it's not rocket science.

In 1989, I used to jog through a lovely neighborhood in Portland, Oregon. It was a suburb that had little gingerbread houses. They were small and cute. I almost expected to see Little Red Riding Hood skipping down the sidewalk on her way to Granny's.

There were "For Sale" signs everywhere. The timber market was terrible, the stock market had just crashed, and the economy was depressed. On one street, I noticed a for-sale sign that was up longer than most. It looked old. Jogging past it one day, I ran into the owner, who looked troubled.

"What are you asking for your house?" I asked.

The owner turned and smiled weakly. "Make me an offer," he said. "It's been for sale for over a year. Nobody even comes by anymore to look at it."

"I'll look," I said, and I bought the house a half hour later for \$20,000 less than his asking price.

It was a cute little two-bedroom home, with gingerbread trim on all the windows. It was light blue with gray accents and had been built in 1930. Inside there was a beautiful rock fireplace, as well as two tiny bedrooms. It was a perfect rental house.

I gave the owner \$5,000 down for a \$45,000 house that was really worth \$65,000, except that no one wanted to buy it. The owner moved out in a week, happy to be free, and my first tenant moved in, a local college professor. After the mortgage, expenses, and management fees

were paid, I put a little less than \$40 in my pocket at the end of each month. Hardly exciting.

A year later, the depressed Oregon real estate market had begun to pick up. California investors, flush with money from their still booming real estate market, were moving north and buying up Oregon and Washington. I sold that little house for \$95,000 to a young couple from California who thought it was a bargain. My capital gains of approximately \$40,000 were placed into a 1031 tax-deferred exchange, and I went shopping for a place to put my money. In about a month, I found a 12-unit apartment house right next to the Intel plant in Beaverton, Oregon. The owners lived in Germany, had no idea

---

*The problem with  
“secure” investments  
is that they are often  
sanitized, that is,  
made so safe that the  
gains are less.*

---

what the place was worth, and again, just wanted to get out of it. I offered \$275,000 for a \$450,000 building. They agreed to \$300,000. I bought it and held it for two years. Utilizing the same 1031-exchange process, we sold the building for \$495,000 and bought a 30-unit apartment building in Phoenix,

Arizona. We had moved to Phoenix by then to get out of the rain, and needed to sell anyway. Like the former Oregon market, the real estate market in Phoenix was depressed. The price of the 30-unit apartment building in Phoenix was \$875,000, with \$225,000 down. The cash flow from the 30 units was a little over \$5,000 a month.

The Arizona market began moving up and, a few years later, a Colorado investor offered us \$1.2 million for the property.

The point of this example is how a small amount can grow into a large amount. Again, it is a matter of understanding financial statements, investment strategies, a sense of the market, and the laws.

If people are not versed in these subjects, then obviously they must follow standard dogma, which is to play it safe, diversify, and only invest in secure investments. The problem with “secure” investments is that they are often sanitized, that is, made so safe that the gains are less.

Most large brokerage houses will not touch speculative transactions in order to protect themselves and their clients. And that is a wise policy. The really hot deals are not offered to people who are novices. Often, the best deals that make the rich even richer are reserved for those who understand the game. It is technically illegal to offer speculative deals to someone who is considered not sophisticated, but of course it happens. The more sophisticated I get, the more opportunities come my way.

Another case for developing your financial intelligence over a lifetime is simply that more opportunities are presented to you. And the greater your financial intelligence, the easier it is to tell whether a deal is good. It's your intelligence that can spot a bad deal, or make a bad deal good. The more I learn—and there is a lot to learn—the more money I make simply because I gain experience and wisdom as the years go on. I have friends who are playing it safe, working hard at their profession, and failing to gain financial wisdom, which does take time to develop.

My overall philosophy is to plant seeds inside my asset column. That is my formula. I start small and plant seeds. Some grow; some don't. Inside our real estate corporation, we have property worth several million dollars. It is our own REIT, or real estate investment trust.

The point I'm making is that most of those millions started out as little \$5,000 to \$10,000 investments. All of those down payments were fortunate to catch a fast-rising market and increase tax-free. We traded in and out several times over a number of years.

We also own a stock portfolio, surrounded by a corporation that Kim and I call our "personal mutual fund." We have friends who deal specifically with investors like us who have extra money each month to invest. We buy high-risk, speculative private companies that are just about to go public on a stock exchange in the United States or Canada. An example of how fast gains can be made are 100,000 shares purchased for 25 cents each before the company goes public. Six months later, the company is listed, and the 100,000 shares now are worth \$2 each. If the company is well managed, the price keeps going up, and the stock may go to \$20 or more per share. There are years when our \$25,000 has gone to a million in less than a year.

It is not gambling if you know what you're doing. It is gambling if you're just throwing money into a deal and praying. The idea in anything is to use your technical knowledge, wisdom, and love of the game to cut the odds down, to lower the risk. Of course, there is always risk. It is financial intelligence that improves the odds. Thus, what is risky for one person is less risky to someone else. That is the primary reason I constantly encourage people to invest more in their financial education than in stocks, real estate, or other markets. The smarter you are, the better chance you have of beating the odds.

The stock plays I personally invested in were extremely high-risk for most people and absolutely not recommended. I have been playing that game since 1979 and have paid more than my share in dues. But if you will reread why investments such as these are high-risk for most people, you may be able to set your life up differently, so that the ability to take \$25,000 and turn it into \$1 million in a year is low-risk for you.

As stated earlier, nothing I have written is a recommendation. It is only used as an example of what is simple and possible. What I do is small potatoes in the grand scheme of things. Yet for the average

---

*It is not gambling if you know what you're doing. It is gambling if you're just throwing money into a deal and praying.*

---

individual, a passive income of more than \$100,000 a year is nice and not hard to achieve. Depending on the market and how smart you are, it could be done in five to 10 years. If you keep your living expenses modest, \$100,000 coming in as additional income is pleasant, regardless of whether you

work. You can work if you like or take time off if you choose and use the government tax system in your favor, rather than against you.

My personal basis is real estate. I love real estate because it's stable and slow-moving. I keep the base solid. The cash flow is fairly steady and, if properly managed, has a good chance of increasing in value. The beauty of a solid base of real estate is that it allows me to take greater risks, as I do with speculative stocks.

If I make great profits in the stock market, I pay my capital-gains tax on the gain and then reinvest what's left in real estate, again further securing my asset foundation.

A last word on real estate: I have traveled all over the world and taught investing. In every city, I hear people say you cannot buy real estate cheap. That is not my experience. Even in New York or Tokyo, or just on the outskirts of the city, prime bargains are overlooked by most people. In Singapore, with their high real estate prices, there are still bargains to be found within a short driving distance. So whenever I hear someone say, "You can't do that here," pointing at me, I remind them that maybe the real statement is, "I don't know how to do that here—yet."

Great opportunities are not seen with your eyes. They are seen with your mind. Most people never get wealthy simply because they are not trained financially to recognize opportunities right in front of them.

I am often asked, "How do I start?"

In the final chapter of this book, I offer 10 steps that I followed on the road to my financial freedom. But always remember to have

---

*Great opportunities  
are not seen  
with your eyes.  
They are seen  
with your mind.*

---

fun. When you learn the rules and the vocabulary of investing and begin to build your asset column, I think you'll find that it's as fun a game as you've ever played. Sometimes you win and sometimes you learn. But have fun. Most

people never win because they're more afraid of losing. That is why I found school so silly. In school we learn that mistakes are bad, and we are punished for making them. Yet if you look at the way humans are designed to learn, we learn by making mistakes. We learn to walk by falling down. If we never fell down, we would never walk. The same is true for learning to ride a bike. I still have scars on my knees, but today I can ride a bike without thinking. The same is true for getting rich. Unfortunately, the main reason most people are not rich is because they are terrified of losing. Winners are

not afraid of losing. But losers are. Failure is part of the process of success. People who avoid failure also avoid success.

I look at money much like my game of tennis. I play hard, make mistakes, correct, make more mistakes, correct, and get better. If I lose the game, I reach across the net, shake my opponent's hand, smile, and say, "See you next Saturday."

There are two kinds of investors:

1. The first and most common type is a person who buys a packaged investment. They call a retail outlet, such as a real estate company, a stockbroker, or a financial planner, and they buy something. It could be a mutual fund, a REIT, a stock or a bond. It is a clean and simple way of investing. An analogy would be a shopper who goes to a computer store and buys a computer right off the shelf.
2. The second type is an investor who creates investments. This investor usually assembles a deal in the same way a person who buys components builds a computer. I do not know the first thing about putting components of a computer together, but I do know how to put pieces of opportunities together, or know people who know how.

It is this second type of investor who is the more professional investor. Sometimes it may take years for all the pieces to come together. And sometimes they never do. It's this second type of investor that my rich dad encouraged me to be. It is important to learn how to put the pieces together, because that is where the huge wins reside, and sometimes some huge losses if the tide goes against you.

If you want to be the second type of investor, you need to develop three main skills.

**1. Find an opportunity that everyone else missed.**

You see with your mind what others miss with their eyes. For example, a friend bought this rundown old house. It was spooky to look at. Everyone wondered why he bought it. What he saw that we did not was that the house came with four extra empty lots. He discovered that after going to the title company. After buying the house, he tore the house down and sold the five lots to a builder for three times what he paid for the entire package. He made \$75,000 for two months of work. It's not a lot of money, but it sure beats minimum wage. And it's not technically difficult.

**2. Raise money.**

The average person only goes to the bank. This second type of investor needs to know how to raise capital, and there are many ways that don't require a bank. To get started, I learned how to buy houses without a bank. It was the learned skill of raising money, more than the houses themselves, that was priceless.

All too often I hear people say, "The bank won't lend me money," or "I don't have the money to buy it." If you want to be a type-two investor, you need to learn how to do that which stops most people. In other words, a majority of people let their lack of money stop them from making a deal. If you can avoid that obstacle, you will be millions ahead of those who don't learn those skills. There have been many times I have bought a house, a stock, or an apartment building without a penny in the bank. I once bought an apartment house for \$1.2 million. I did what is called "tying it up," with a written contract between seller and buyer.

I then raised the \$100,000 deposit, which bought me 90 days to raise the rest of the money. Why did I do it? Simply because I knew it was worth \$2 million. I never raised the money. Instead, the person who put up the \$100,000 gave me \$50,000

for finding the deal, took over my position, and I walked away. Total working time: three days. Again, it's what you know more than what you buy. Investing is not buying. It's more a case of knowing.

### **3. Organize smart people.**

Intelligent people are those who work with or hire a person who is more intelligent than they are. When you need advice, make sure you choose your advisor wisely.

There is a lot to learn, but the rewards can be astronomical. If you do not want to learn those skills, then being a type-one investor is highly recommended. It is what you know that is your greatest wealth. It is what you do not know that is your greatest risk.

There is always risk, so learn to manage risk instead of avoiding it.



## Chapter Six

# LESSON 6: WORK TO LEARN— DON'T WORK FOR MONEY

---

*Job security meant everything to my educated dad.  
Learning meant everything to my rich dad.*

---

A few years ago, I granted an interview with a newspaper in Singapore. The young female reporter was on time, and the interview got under way immediately. We sat in the lobby of a luxurious hotel, sipping coffee and discussing the purpose of my visit to Singapore. I was to share the platform with Zig Ziglar. He was speaking on motivation, and I was speaking on “The Secrets of the Rich.”

“Someday, I would like to be a best-selling author like you,” she said. I had seen some of the articles she had written for the paper, and I was impressed. She had a tough, clear style of writing. Her articles held a reader’s interest.

“You have a great style,” I said in reply. “What holds you back from achieving your dream?”

“My work does not seem to go anywhere,” she said quietly. “Everyone says that my novels are excellent, but nothing happens. So I keep my job with the paper. At least it pays the bills. Do you have any suggestions?”

“Yes, I do,” I said brightly. “A friend of mine here in Singapore runs a school that trains people to sell. He runs sales-training courses for many of the top corporations here in Singapore, and I think attending one of his courses would greatly enhance your career.”

She stiffened. “Are you saying I should go to school to learn to sell?”

I nodded.

“You aren’t serious, are you?”

Again, I nodded. “What is wrong with that?” I was now back-pedaling. She was offended by something, and now I was wishing I had not said anything. In my attempt to be helpful, I found myself defending my suggestion. “I have a master’s degree in English Literature. Why would I go to school to learn to be a salesperson? I am a professional. I went to school to be trained in a profession so I would not have to be a sales person. I hate salespeople. All they want is money. So tell me why I should study sales?” She was packing her briefcase. The interview was over.

On the coffee table sat a copy of an earlier best-selling book I wrote. I picked it up as well as the notes she had jotted down on her legal pad.

“Do you see this?” I said pointing to her notes.

She looked down at her notes. “What?” she said, confused. Again, I pointed deliberately to her notes. On her pad she had written: “Robert Kiyosaki, best-selling author.”

“It says best-selling author, not best-writing author,” I said quietly. Her eyes widened.

“I am a terrible writer,” I said. “You are a great writer. I went to sales school. You have a master’s degree. Put them together and you get a ‘best-selling author’ and a ‘best-writing author.’”

Anger flared from her eyes. “I’ll never stoop so low as to learn how to sell. People like you have no business writing. I am a professionally trained writer and you are a salesman. It is not fair,” she fumed.

She put the rest of her notes away and hurried out through the large glass doors into the humid Singapore morning.

At least she gave me a fair and favorable write-up the next morning. The world is filled with smart, talented, educated, and gifted people. We meet them every day. They are all around us.

A few days ago, my car was not running well. I pulled into a garage, and the young mechanic had it fixed in just a few minutes. He knew what was wrong by simply listening to the engine. I was amazed.

I am constantly shocked at how little talented people earn. I have met brilliant, highly educated people who earn less than \$20,000 a year. A business consultant who specializes in the medical trade was telling me how many doctors, dentists, and chiropractors struggle financially. All this time, I thought that when they graduated, the dollars would pour in. It was this business consultant who gave me the phrase: "They are one skill away from great wealth."

What this phrase means is that most people need only to learn and master one more skill and their income would jump exponentially. I have mentioned before that financial intelligence is a synergy of accounting, investing, marketing, and law. Combine those four technical skills and making money with money is easier than most people would believe. When it comes to money, the only skill most people know is to work hard.

The classic example of a synergy of skills was that young writer for the newspaper. If she diligently learned the skills of sales and marketing, her income would jump dramatically. If I were her, I would take some courses in advertising copywriting as well as sales. Then, instead of working at the newspaper, I would seek a job at an advertising agency. Even if it were a cut in pay, she would learn how to communicate in short-cuts that are used in successful advertising. She also would spend time learning public relations, an important skill. She would learn how to get millions in free publicity. Then, at night and on weekends, she could be writing her great novel. When it was finished, she would be better able to sell her book. Then, in a short while, she could be a "best-selling author."

When I came out with my first book, *If You Want To Be Rich and Happy, Don't Go to School*, a publisher suggested I change the title to *The Economics of Education*. I told the publisher that, with a title like that, I would sell two books: one to my family, and one to my best friend. The problem is that they would expect it for free. The obnoxious title, *If You Want To Be Rich and Happy, Don't Go to School*, was chosen because we knew it would get tons of publicity. I am pro-education and believe in education reform. If I were not pro-education, why would

I continue to press for changing our antiquated educational system? So I chose a title that would get me on more TV and radio shows, simply because I was willing to be controversial. Many people thought I was a fruitcake, but the book sold and sold.

When I graduated from the U.S. Merchant Marine Academy in 1969, my educated dad was happy. Standard Oil of California had hired me for its oil-tanker fleet as a third mate. The pay was low compared with my classmates, but it was okay for a first real job after college. My starting pay was about \$42,000 a year, including overtime, and I only had to work for seven months. I had five months of vacation. If I had wanted to, I could have taken the run to Vietnam with a subsidiary shipping company and easily doubled my pay instead of taking five months of vacation.

I had a great career ahead of me, yet I resigned after six months with the company and joined the Marine Corps to learn how to fly. My educated dad was devastated. Rich dad congratulated me.

In school and in the workplace, the popular opinion is the idea of specialization: that is, in order to make more money or get promoted, you need to specialize. That is why medical doctors immediately

---

*You want to know  
a little about a lot”  
was rich dad’s  
suggestion.*

---

begin to seek a specialty such as orthopedics or pediatrics. The same is true for accountants, architects, lawyers, pilots, and others.

My educated dad believed in the same dogma. That is why he was thrilled when he eventually achieved his doctorate. He often admitted that schools reward people who study more and more about less and less.

Rich dad encouraged me to do exactly the opposite. “You want to know a little about a lot” was his suggestion. That is why for years I worked in different areas of his companies. For a while, I worked in his accounting department. Although I would probably never have been an accountant, he wanted me to learn via osmosis. Rich dad knew I would pick up jargon and a sense of what is important and what is not. I also worked as a bus boy and construction worker as

well as in sales, reservations, and marketing. He was grooming Mike and me. That is why he insisted we sit in on the meetings with his bankers, lawyers, accountants, and brokers. He wanted us to know a little about every aspect of his empire.

When I quit my high-paying job with Standard Oil, my educated dad had a heart-to-heart talk with me. He was bewildered. He could not understand my decision to resign from a career that offered high pay, great benefits, lots of time off, and opportunity for promotion. When he asked me one evening, "Why did you quit?" I could not explain it to him, though I tried hard to. My logic did not fit his logic. The big problem was that my logic was my rich dad's logic.

Job security meant everything to my educated dad. Learning meant everything to my rich dad.

Educated dad thought I went to school to learn to be a ship's officer. Rich dad knew that I went to school to study international trade. So as a student, I made cargo runs, navigating large freighters, oil tankers, and passenger ships to the Far East and the South Pacific. Rich dad emphasized that I should stay in the Pacific instead of taking ships to Europe because he knew that the emerging nations were in Asia, not Europe. While most of my classmates, including Mike, were partying at their fraternity houses, I was studying trade, people, business styles, and cultures in Japan, Taiwan, Thailand, Singapore, Hong Kong, Vietnam, Korea, Tahiti, Samoa, and the Philippines. I was partying also, but it was not in any frat house. I grew up rapidly.

Educated dad just could not understand why I decided to quit and join the Marine Corps. I told him I wanted to learn to fly, but really I wanted to learn to lead troops. Rich dad explained to me that the hardest part of running a company is managing people. He had spent three years in the Army; my educated dad was draft-exempt. Rich dad valued learning to lead men into dangerous situations. "Leadership is what you need to learn next," he said. "If you're not a good leader, you'll get shot in the back, just like they do in business."

Returning from Vietnam in 1973, I resigned my commission, even though I loved flying. I found a job with Xerox Corp. I joined it for

one reason, and it was not for the benefits. I was a shy person, and the thought of selling was the most frightening subject in the world. Xerox has one of the best sales-training programs in America.

Rich dad was proud of me. My educated dad was ashamed. Being an intellectual, he thought that salespeople were below him. I worked with Xerox for four years until I overcame my fear of knocking on doors and being rejected. Once I could consistently be in the top five in sales, I again resigned and moved on, leaving behind another great career with an excellent company.

In 1977, I formed my first company. Rich dad had groomed Mike and me to take over companies. So I now had to learn to form them and put them together. My first product, the nylon-and-Velcro wallet, was manufactured in the Far East and shipped to a warehouse

---

*Job is an acronym for  
“Just Over Broke.”*

---

in New York, near where I had gone to school. My formal education was complete, and it was time to test my wings. If I failed, I would go broke.

Rich dad thought it best to go broke before 30. “You still have time to recover” was his advice. On the eve of my 30th birthday, my first shipment left Korea for New York.

Today, I still do business internationally. And as my rich dad encouraged me to do, I keep seeking the emerging nations. Today my investment company invests in South American countries and Asian countries, as well as in Norway and Russia.

There is an old cliché that goes: “Job is an acronym for ‘Just Over Broke.’” Unfortunately, I would say that applies to millions of people. Because school does not think financial intelligence is an intelligence, most workers live within their means. They work and they pay the bills.

There is another horrible management theory that goes, “Workers work hard enough to not be fired, and owners pay just enough so that workers won’t quit.” And if you look at the pay scales of most companies, again I would say there is a degree of truth to that statement.

The net result is that most workers never get ahead. They do what they’ve been taught to do: Get a secure job. Most workers focus on

working for pay and benefits that reward them in the short term, but are often disastrous in the long run.

Instead, I recommend to young people to seek work for what they will learn, more than what they will earn. Look down the road at what skills they want to acquire before choosing a specific profession and before getting trapped in the Rat Race.

Once people are trapped in the lifelong process of bill-paying, they become like those little hamsters running around in those metal wheels. Their little furry legs are spinning furiously, the wheel is turning furiously, but come tomorrow morning, they'll still be in the same cage. Great job.

In the movie *Jerry Maguire* starring Tom Cruise, there are many great one-liners. Probably the most memorable is: "Show me the money." But there is one line I thought most truthful. It comes from the scene where Tom Cruise is leaving the firm. He has just been fired, and he is asking the entire company, "Who wants to come with me?" And the whole place is silent and frozen. Only one woman speaks up and says, "I'd like to, but I'm due for a promotion in three months."

That statement is probably the most truthful statement in the whole movie. It is the type of statement that people use to keep themselves busy, working away to pay bills. I know my educated dad looked forward to his pay raise every year, and every year he was disappointed. So he would go back to school to earn more qualifications so he could get another raise. Then, once again, there would be another disappointment.

The question I often ask people is, "Where is this daily activity taking you?" Just like the little hamster, I wonder if people look at where their hard work is taking them. What does the future hold?

In his book *The Retirement Myth*, Craig S. Karpel writes: "I visited the headquarters of a major national pension consulting firm and met with a managing director who specializes in designing lush retirement plans for top management. When I asked her what people who don't have corner offices will be able to expect in the way of pension income, she said with a confident smile, 'The Silver Bullet'.

“What, I asked, is ‘The Silver Bullet?’”

“She shrugged and said, ‘If baby boomers discover they don’t have enough money to live on when they’re older, they can always blow their brains out.’”

Karpel goes on to explain the difference between the old defined-benefit retirement plans and the new 401(k) plans that are riskier. It is not a pretty picture for most people working today. And that is just for retirement. Add medical fees and long-term nursing-home care and the picture is frightening.

Already, many hospitals in countries with socialized medicine need to make tough decisions such as, “Who will live, and who will die?” They make those decisions purely on how much money they have and how old the patients are. If the patient is old, they often will give the medical care to someone younger. The older poor patient gets put to the back of the line. Just as the rich can afford better education, the rich will be able to keep themselves alive, while those who have little wealth will die.

So I wonder: Are workers looking into the future or just until their next paycheck, never questioning where they are headed?

When I speak to adults who want to earn more money, I always recommend the same thing. I suggest taking a long view of their life. Instead of simply working for the money and security, which I admit are important, I suggest they take a second job that will teach them a second skill. Often I recommend joining a network-marketing company, also called multilevel marketing, if they want to learn sales skills. Some of these companies have excellent training programs that help people get over their fear of failure and rejection, which are the main reasons people are unsuccessful. Education is more valuable than money, in the long run.

When I offer this suggestion, I often hear in response, “Oh that is too much hassle,” or “I only want to do what I am interested in.”

If they say, “It’s too much of a hassle,” I ask, “So you would rather work all your life giving 50 percent of what you earn to the government?” If they tell me, “I only do what I am interested in,”

I say, “I’m not interested in going to the gym, but I go because I want to feel better and live longer.”

Unfortunately, there is some truth to the old statement, “You can’t teach an old dog new tricks.” Unless a person is used to changing, it’s hard to change.

But for those of you who might be on the fence when it comes to the idea of working to learn something new, I offer this word of encouragement: Life is much like going to the gym. The most painful part is deciding to go. Once you get past that, it’s easy. There have been many days I have dreaded going to the gym, but once I am there and in motion, it is a pleasure. After the workout is over, I am always glad I talked myself into going.

If you are unwilling to work to learn something new and instead insist on becoming highly specialized within your field, make sure the company you work for is unionized. Labor unions are designed to protect specialists. My educated dad, after falling from grace with the governor, became the head of the teachers union in Hawaii. He told me that it was the hardest job he ever held. My rich dad, on the other hand, spent his life doing his best to keep his companies from becoming unionized. He was successful. Although the unions came close, rich dad was always able to fight them off.

Personally, I take no sides because I can see the need for and the benefits of both sides. If you do as school recommends, become highly specialized. Then seek union protection. For example, had I continued with my flying career, I would have sought a company that had a strong pilots union. Why? Because my life would be dedicated to learning a skill that was valuable in only one industry. If I were pushed out of that industry, my life’s skills would not be as valuable to another industry. A displaced senior pilot—with 100,000 hours of heavy airline transport time, earning \$150,000 a year—would have a hard time finding an equivalent high-paying job teaching in school. Skills do not necessarily transfer from industry to industry. Skills the pilots are paid for in the airline industry are not as important in, say, the school system.

The same is true even for doctors today. With all the changes in medicine, many medical specialists are needing to conform to medical organizations such as HMOs. Schoolteachers definitely need to be union members. Today in America, the teachers union is the largest and the richest labor union of all. The NEA, the National Education Association, has tremendous political clout. Teachers need the protection of their union because their skills are also of limited value to an industry outside of education. So the rule of thumb is: "Highly specialized; then unionize." It's the smart thing to do.

When I ask the classes I teach, "How many of you can cook a better hamburger than McDonald's?" almost all the students raise their hands. I then ask, "So if most of you can cook a better hamburger, how come McDonald's makes more money than you?"

The answer is obvious: McDonald's is excellent at business systems. The reason so many talented people are poor is because they focus on building a better hamburger and know little to nothing about business systems.

A friend of mine in Hawaii is a great artist. He makes a sizable amount of money. One day his mother's attorney called to tell him that she had left him \$35,000. That is what was left of her estate after the attorney and the government took their shares. Immediately, he saw an opportunity to increase his business by using some of this money to advertise. Two months later, his first four-color, full-page ad appeared in an expensive magazine that targeted the very rich. The ad ran for three months. He received no replies from the ad, and all of his inheritance is now gone. He now wants to sue the magazine for misrepresentation.

This is a common case of someone who can build a beautiful hamburger, but knows little about business. When I asked him what he learned, his only reply was, "Advertising salespeople are crooks." I then asked him if he would be willing to take a course in sales and a course in direct marketing. His reply, "I don't have the time, and I don't want to waste my money."

The world is filled with talented poor people. All too often, they're poor or struggle financially or earn less than they are capable of, not

because of what they know, but because of what they do not know. They focus on perfecting their skills at building a better hamburger rather than the skills of selling and delivering the hamburger. Maybe McDonald's does not make the best hamburger, but they are the best at selling and delivering a basic average burger.

Poor dad wanted me to specialize. That was his view on how to be paid more. Even after being told by the governor of Hawaii that he could no longer work in state government, my educated dad continued to encourage me to get specialized. Educated dad then took up the cause of the teachers' union, campaigning for further protection and benefits for these highly skilled and educated professionals. We argued often, but I know he never agreed that overspecialization is what caused the need for union protection. He never understood that the more specialized you become, the more you are trapped and dependent on that specialty.

Rich dad advised that Mike and I groom ourselves. Many corporations do the same thing. They find a young bright student just out of business school and begin grooming that person to someday take over the company. So these bright young employees do not specialize in one department. They are moved from department to department to learn all the aspects of business systems. The rich often groom their children or the children of others. By doing so, their children gain an overall knowledge of the operations of the business and how the various departments interrelate.

For the World War II generation, it was considered bad to skip from company to company. Today, it is considered smart. Since people will skip from company to company rather than seek greater specialization in skills, why not seek to learn more than to earn? In the short term, it may earn you less, but it will pay dividends in the long term.

**The main management skills needed for success are:**

1. Management of cash flow
2. Management of systems
3. Management of people

The most important specialized skills are sales and marketing. The ability to sell—to communicate to another human being, be it a customer, employee, boss, spouse, or child—is the base skill of personal success. Communication skills such as writing, speaking, and negotiating are crucial to a life of success. These are skills I work on constantly, attending courses or buying educational resources to expand my knowledge.

As I have mentioned, my educated dad worked harder and harder the more competent he became. He also became more trapped the more specialized he got. Although his salary went up, his choices diminished. Soon after he was locked out of government work, he found out how vulnerable he really was professionally. It is like professional athletes who suddenly are injured or are too old to play. Their once high-paying position is gone, and they have limited skills to fall back on. I think that is why my educated dad sided so much with the unions after that. He realized how much a union would have benefited him.

Rich dad encouraged Mike and me to know a little about a lot. He encouraged us to work with people smarter than we were and to bring smart people together to work as a team. Today it would be called a synergy of professional specialities.

Today, I meet ex-schoolteachers earning hundreds of thousands of dollars a year. They earn that much because they have specialized skills in their field as well as other skills. They can teach, as well as sell and market. I know of no other skills to be more important than selling and marketing. The skills of selling and marketing are difficult for most people, primarily due to their fear of rejection. The better

you are at communicating, negotiating, and handling your fear of rejection, the easier life is. Just as I advised that newspaper writer who wanted to become a best-selling author, I advise anyone else today.

Being technically specialized has its strengths as well as its weaknesses. I have friends who are geniuses, but they cannot communicate effectively with other human beings and, as a result, their earnings are pitiful. I advise them to just spend a year learning to sell. Even if they earn nothing, their communication skills will improve. And that is priceless.

In addition to being good learners, sellers, and marketers, we need to be good teachers as well as good students. To be truly rich, we need to be able to give as well as to receive. In cases of financial or professional struggle, there is often a lack of giving and receiving. I know many people who are poor because they are neither good students nor good teachers.

Both of my dads were generous men. Both made it a practice to give first. Teaching was one of their ways of giving. The more they gave, the more they received. One glaring difference was in the giving of money. My rich dad gave lots of money away. He gave to his church, to charities, and to his foundation. He knew that to receive money, you had to give money. Giving money is the secret to most great wealthy families. That is why there are organizations like the Rockefeller Foundation and the Ford Foundation. These are organizations designed to take their wealth and increase it, as well as give it away in perpetuity.

My educated dad always said, "When I have some extra money, I'll give it." The problem was that there was never any extra. So he worked harder to draw more money in, rather than focus on the most important law of money: "Give, and you shall receive." Instead, he believed in: "Receive, and then you give."

In conclusion, I became both dads. One part of me is a hard-core capitalist who loves the game of money making money. The other part is a socially responsible teacher who is deeply concerned with this ever-widening gap between the haves and have-nots. I personally hold the archaic educational system primarily responsible for this growing gap.



## Chapter Seven

# OVERCOMING OBSTACLES

---

*The primary difference between a rich person and a poor person is how they manage fear.*

---

Once people have studied and become financially literate, they may still face roadblocks to becoming financially independent. There are five main reasons why financially literate people may still not develop abundant asset columns that could produce a large cash flow. The five reasons are:

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

### ***Overcoming Fear***

I have never met anyone who really likes losing money. And in all my years, I have never met a rich person who has never lost money. But I have met a lot of poor people who have never lost a dime—investing, that is.

The fear of losing money is real. Everyone has it. Even the rich. But it's not having fear that is the problem. It's how you handle fear. It's how you handle losing. It's how you handle failure that makes the

difference in one's life. The primary difference between a rich person and a poor person is how they manage that fear.

It's okay to be fearful. It's okay to be a coward when it comes to money. You can still be rich. We're all heroes at something, and cowards at something else. My friend's wife is an emergency-room nurse. When she sees blood, she flies into action. When I mention investing, she runs away. When I see blood, I don't run. I pass out.

My rich dad understood phobias about money. "Some people are terrified of snakes. Some people are terrified about losing money. Both are phobias," he would say. So his solution to the phobia of losing money was this little rhyme: "If you hate risk and worry, start early."

If you start young, it's easier to be rich. I won't go into it here, but there is a staggering difference between a person who starts investing at age 20 versus age 30. The purchase of Manhattan Island is said to be one of the greatest bargains of all time. New York was purchased for \$24 in trinkets and beads. Yet if that \$24 had been invested at 8 percent annually, that \$24 would have been worth more than \$28 trillion by 1995. Manhattan could be repurchased with money left over to buy much of Los Angeles.

But what if you don't have much time left or would like to retire early? How do you handle the fear of losing money?

My poor dad did nothing. He simply avoided the issue, refusing to discuss the subject.

My rich dad, on the other hand, recommended that I think like a Texan. "I like Texas and Texans," he used to say. "In Texas, everything is bigger. When Texans win, they win big. And when they lose, it's spectacular."

"They like losing?" I asked.

"That's not what I'm saying. Nobody likes losing. Show me a happy loser, and I'll show you a loser," said rich dad. "It's a Texan's attitude toward risk, reward, and failure I'm talking about. It's how they handle life. They live it big. Not like most of the people around here, living like roaches when it comes to money, terrified that someone will shine a light on them, and whimpering when the grocery clerk shortchanges them a quarter."

Rich dad went on. “What I like best is the Texas attitude. They’re proud when they win, and they brag when they lose. Texans have a saying, ‘If you’re going to go broke, go big.’ You don’t want to admit you went broke over a duplex.”

He constantly told Mike and me that the greatest reason for lack of financial success was because most people played it too safe. “People are so afraid of losing that they lose” were his words.

Fran Tarkenton, a one-time great NFL quarterback, says it still another way: “Winning means being unafraid to lose.”

In my own life, I’ve noticed that winning usually follows losing. Before I finally learned to ride a bike, I first fell down many times. I’ve never met a golfer who has never lost a golf ball. I’ve never met people who have fallen in love who have never had their heart broken. And I’ve never met someone rich who has never lost money.

So for most people, the reason they don’t win financially is because the pain of losing money is far greater than the joy of being rich.

Another saying in Texas is, “Everyone wants to go to heaven, but no one wants to die.” Most people dream of being rich, but are terrified of losing money. So they never get to heaven.

---

*For most people, the reason they don't win financially is because the pain of losing money is far greater than the joy of being rich.*

---

Rich dad used to tell Mike and me stories about his trips to Texas. “If you really want to learn the attitude of how to handle risk, losing, and failure, go to San Antonio and visit the Alamo. The Alamo is a great story of brave people

who chose to fight, knowing there was no hope of success. They chose to die instead of surrendering. It’s an inspiring story worthy of study. Nonetheless, it’s still a tragic military defeat. They got their butts kicked. So how do Texans handle failure? They still shout, ‘Remember the Alamo!’”

Mike and I heard this story a lot. He always told us this story when he was about to go into a big deal, and he was nervous. After he had done all his due diligence and it was time to put up or shut up, he told us this story. Every time he was afraid of making a mistake or losing

money, he told us this story. It gave him strength, for it reminded him that he could always turn a financial loss into a financial win. Rich dad knew that failure would only make him stronger and smarter. It's not that he wanted to lose. He just knew who he was and how he would take a loss. He would take a loss and make it a win. That's what made him a winner and others losers. It gave him the courage to cross the line when others backed out. "That's why I like Texans so much," he would say. "They took a great failure and turned it into inspiration... as well a tourist destination that makes them millions."

But probably his words that mean the most to me today are these: "Texans don't bury their failures. They get inspired by them. They take their failures and turn them into rallying cries. Failure inspires Texans to become winners. But that formula is not just the formula for Texans. It is the formula for all winners."

I've said that falling off my bike was part of learning to ride. I remember falling off only made me more determined to learn to ride,

---

*Failure inspires winners.*

*Failure defeats losers.*

---

not less. I also said that I have never met a golfer who has never lost a ball. For top professional golfers, losing a ball or a tournament provides the

inspiration to be better, to practice harder, to study more. That's what makes them better. For winners, losing inspires them. For losers, losing defeats them.

I like to quote John D. Rockefeller, who said, "I always tried to turn every disaster into an opportunity."

And being Japanese-American, I can say this. Many people say that Pearl Harbor was an American mistake. I say it was a Japanese mistake. From the movie, *Tora, Tora, Tora*, a somber Japanese admiral says to his cheering subordinates, "I am afraid we have awakened a sleeping giant." "Remember Pearl Harbor" became a rallying cry. It turned one of America's greatest losses into the reason to win. This great defeat gave America strength, and America soon emerged as a world power.

Failure inspires winners. And failure defeats losers. It is the biggest secret of winners. It's the secret that losers do not know. The greatest

secret of winners is that failure inspires winning; thus, they're not afraid of losing. Repeating Fran Tarkenton's quote, "Winning means being unafraid to lose." People like Fran Tarkenton are not afraid of losing, because they know who they are. They hate losing, so they know that losing will only inspire them to become better. There is a big difference between hating losing and being afraid to lose. Most people are so afraid of losing money that they lose. They go broke over a duplex. Financially, they play life too safe and too small. They buy big houses and big cars, but not big investments. The main reason that over 90 percent of the American public struggles financially is because they play not to lose. They don't play to win.

They go to their financial planners or accountants or stockbrokers and buy a balanced portfolio. Most have lots of cash in CDs, low-yield bonds, mutual funds that can be traded within a mutual-fund family, and a few individual stocks. It is a safe and sensible portfolio. But it is not a winning portfolio. It is a portfolio of someone playing not to lose.

Don't get me wrong. It's probably a better portfolio than more than 70 percent of the population has, and that's frightening. It's a great portfolio for someone who loves safety. But playing it safe and balanced on your investment portfolio is not the way successful investors play the game. If you have little money and you want to be rich, you must first be focused, not balanced. If you look at any successful person, at the start they were not balanced. Balanced people go nowhere. They stay in one spot. To make progress, you must first go unbalanced. Just look at how you make progress walking.

Thomas Edison was not balanced. He was focused. Bill Gates was not balanced. He was focused. Donald Trump is focused. George Soros is focused. George Patton did not take his tanks wide. He focused them and blew through the weak spots in the German line. The French went wide with the Maginot Line, and you know what happened to them.

If you have any desire to be rich, you must focus. Do not do what poor and middle-class people do: put their few eggs in many baskets. Put a lot of your eggs in a few baskets and FOCUS: Follow One Course Until Successful.

If you hate losing, play it safe. If losing makes you weak, play it safe. Go with balanced investments. If you're over 25 years old and are terrified of taking risks, don't change. Play it safe, but start early. Start accumulating your nest egg early because it will take time.

But if you have dreams of freedom—of getting out of the Rat Race—the first question to ask yourself is, “How do I respond to failure?” If failure inspires you to win, maybe you should go for it—but only maybe. If failure makes you weak or causes you to throw temper tantrums—like spoiled brats who call attorneys to file lawsuits every time something doesn't go their way—then play it safe. Keep your daytime job. Or buy bonds or mutual funds. But remember, there is risk in those financial instruments also, even though they may appear safe.

I say all this, mentioning Texas and Fran Tarkenton, because stacking the asset column is easy. It's really a low-aptitude game. It doesn't take much education. Fifth-grade math will do. But building your asset column is a game in which attitude plays a major role. It takes guts, patience, and a great attitude toward failure. Losers avoid failing. And failure turns losers into winners. Just remember the Alamo.

## ***Overcoming Cynicism***

“The sky is falling! The sky is falling!” Most of us know the story of Chicken Little who ran around warning the barnyard of impending doom. We all know people who are that way. There's a Chicken Little inside each of us.

As I stated earlier, the cynic is really a little chicken. We all get a little chicken when fear and doubt cloud our thoughts.

All of us have doubts: “I'm not smart.” “I'm not good enough.” “So-and-so is better than me.” Our doubts often paralyze us. We play the “What if?” game. “What if the economy crashes right after I invest?” “What if I lose control and I can't pay the money back?” “What if things don't go as I planned?” Or we have friends or loved ones who will remind us of our shortcomings. They often say, “What makes you think you can do that?” “If it's such a good idea, how come someone else hasn't done it?” “That will never work. You don't know what you're talking about.” These words of doubt often get so loud

that we fail to act. A horrible feeling builds in our stomach. Sometimes we can't sleep. We fail to move forward. So we stay with what is safe, and opportunities pass us by. We watch life passing by as we sit immobilized with a cold knot in our body. We have all felt this at one time in our lives, some more than others.

Peter Lynch of Fidelity Magellan mutual-fund fame refers to warnings about the sky falling as "noise," and we all hear it.

Noise is either created inside our heads or comes from outside, often from friends, family, co-workers, and the media. Lynch recalls the time during the 1950s when the threat of nuclear war was so prevalent in the news that people began building fallout shelters and storing food and water. If they had invested that money wisely in the market, instead of building a fallout shelter, they'd probably be financially independent today.

When violence breaks out in a city, gun sales go up all over the country. A person dies from rare hamburger meat in the state of Washington, and the Arizona Health Department orders restaurants to have all beef cooked well-done. A drug company runs a TV commercial in February showing people catching the flu. Colds go up as well as sales of cold medicine.

Most people are poor because, when it comes to investing, the world is filled with Chicken Littles running around yelling, "The sky is falling! The sky is falling!" And Chicken Littles are effective, because every one of us is a little chicken. It often takes great courage to not let rumors and talk of doom and gloom affect your doubts and fears. But a savvy investor knows that the seemingly worst of times is actually the best of times to make money. When everyone else is too afraid to act, they pull the trigger and are rewarded.

Some time ago, a friend named Richard came from Boston to visit Kim and me in Phoenix. He was impressed with what we had done through stocks and real estate. The Phoenix real estate prices were depressed. We spent two days showing him what we thought were excellent opportunities for cash flow and capital appreciation.

Kim and I are not real estate agents. We are strictly investors. After identifying a unit in a resort community, we called an agent who sold it to him that afternoon. The price was a mere \$42,000 for a two-bedroom townhome. Similar units were going for \$65,000. He had found a bargain. Excited, he bought it and returned to Boston.

Two weeks later, the agent called to say that our friend had backed out. I called immediately to find out why. All he said was that he talked to his neighbor, and his neighbor told him it was a bad deal. He was paying too much. I asked Richard if his neighbor was an investor. Richard said he was not. When I asked why he listened to him, Richard got defensive and simply said he wanted to keep looking.

The real estate market in Phoenix turned, and a few years later, that little unit was renting for \$1,000 a month—\$2,500 in the peak winter months. The unit was worth \$95,000. All Richard had to put down was \$5,000 and he would have had a start at getting out of the Rat Race. Today, he still has done nothing.

Richard's backing out did not surprise me. It's called buyer's remorse, and it affects all of us. The little chicken won, and a chance at freedom was lost.

In another example, I hold a small portion of my assets in tax-lien certificates instead of CDs. I earn 16 percent per year on my money, which certainly beats the interest rates banks offer on CDs. The certificates are secured by real estate and enforced by state law, which is also better than most banks. The formula they're bought on makes them safe. They just lack liquidity. So I look at them as 2- to 7-year CDs. Almost every time I tell someone that I hold my money this way, especially if they have money in CDs, they will tell me it's risky. They tell me why I should not do it. When I ask them where they get their information, they say from a friend or an investment magazine. They've never done it, and they're telling someone who's doing it why they shouldn't. The lowest yield I look for is 16 percent, but people who are filled with doubt are willing to accept a far lower return. Doubt is expensive.

My point is that it's those doubts and cynicism that keep most people poor and playing it safe. The real world is simply waiting for you to get rich. Only a person's doubts keep them poor. As I said, getting out of the Rat Race is technically easy. It doesn't take much education, but those doubts are cripplers for most people.

"Cynics never win," said rich dad. "Unchecked doubt and fear creates a cynic." "Cynics criticize, and winners analyze" was another of his favorite sayings. Rich dad explained that criticism blinded while analysis opened eyes. Analysis allowed winners to see that critics were blind, and to see opportunities that everyone else missed. And finding what people miss is key to any success.

Real estate is a powerful investment tool for anyone seeking financial independence or freedom. It is a unique investment tool. Yet every time I mention real estate as a vehicle, I often hear, "I don't want to fix toilets." That's what Peter Lynch calls noise. That's what my rich dad would say is the cynic talking, someone who criticizes and does not analyze, someone who lets their doubts and fears close their mind instead of open their eyes.

So when someone says, "I don't want to fix toilets," I want to fire back, "What makes you think I want to?" They're saying a toilet is more important than what they want. I talk about freedom from the Rat Race, and they focus on toilets. That is the thought pattern that keeps most people poor. They criticize instead of analyze.

"I-don't-wants hold the key to your success," rich dad would say. Because I, too, do not want to fix toilets, I shop hard for a property manager who does fix toilets. And by finding a great property manager who runs houses or apartments, well, my cash flow goes up. But, more importantly, a great property manager allows me to buy a lot more real estate since I don't have to fix toilets. A great property manager is key to success in real estate. Finding a good manager is more important to me than the real estate. A great property manager often hears of great deals before real estate agents do, which makes them even more valuable.

That is what rich dad meant by "I-don't-wants hold the key to your success." Because I do not want to fix toilets either, I figured out

how to buy more real estate and expedite my getting out of the Rat Race. The people who continue to say “I don’t want to fix toilets” often deny themselves the use of this powerful investment vehicle. Toilets are more important than their freedom.

In the stock market, I often hear people say, “I don’t want to lose money.” Well, what makes them think I or anyone else likes losing money? They don’t make money because they choose to not lose money. Instead of analyzing, they close their minds to another powerful investment vehicle, the stock market.

I was riding with a friend past our neighborhood gas station. He looked up and saw that the price of gas was going up and thus the price of oil. My friend is a worry wart or a Chicken Little. To him, the sky is always going to fall, and it usually does, on him.

When we got home, he showed me all the stats as to why the price of oil was going to go up over the next few years, statistics I had never seen before, even though I already owned substantial shares of an existing oil company. With that information, I immediately began looking for and found a new, undervalued oil company that was about to find some oil deposits. My broker was excited about this new company, and I bought 15,000 shares for 65 cents per share.

Three months later, this same friend and I drove by the same gas station, and sure enough, the price per gallon had gone up nearly 15 percent. Again, the Chicken Little worried and complained. I smiled because, a month earlier, that little oil company hit oil and those 15,000 shares went up to more than \$3 per share since he had first given me the tip. And the price of gas will continue to go up if what my friend says is true.

If most people understood how a “stop” worked in stock-market investing, there would be more people investing to win instead of investing not to lose. A stop is simply a computer command that sells your stock automatically if the price begins to drop, helping to minimize your losses and maximize some gains. It’s a great tool for those who are terrified of losing.

So whenever I hear people focusing on their I-don’t-wants, rather than what they do want, I know the noise in their head must be loud. Chicken Little has taken over their brain and is yelling, “The sky is

falling, and toilets are breaking!" So they avoid their don't-wants, but they pay a huge price. They may never get what they want in life. Instead of analyzing, their inner Chicken Little closes their mind.

Rich dad gave me a way of looking at Chicken Little. "Just do what Colonel Sanders did." At the age of 66, he lost his business and began to live on his Social Security check. It wasn't enough. He went around the country selling his recipe for fried chicken. He was turned down 1,009 times before someone said yes. And he went on to become a multimillionaire at an age when most people are quitting. "He was a brave and tenacious man," rich dad said of Harlan Sanders.

So when you're in doubt and feeling a little afraid, just do what Colonel Sanders did to his little chicken. He fried it.

## ***Overcoming Laziness***

Busy people are often the most lazy. We have all heard stories of a businessman who works hard to earn money. He works hard to be a good provider for his wife and children. He spends long hours at the office and brings work home on weekends. One day he comes home to an empty house. His wife has left with the kids. He knew he and his wife had problems, but rather than work to make the relationship strong, he stayed busy at work. Dismayed, his performance at work slips and he loses his job.

Today, I often meet people who are too busy to take care of their wealth. And there are people too busy to take care of their health. The cause is the same. They're busy, and they stay busy as a way of avoiding something they do not want to face. Nobody has to tell them. Deep down they know. In fact, if you remind them, they often respond with anger or irritation.

If they aren't busy at work or with the kids, they're often busy watching TV, fishing, playing golf, or shopping. Yet deep down they know they are avoiding something important. That's the most common form of laziness: laziness by staying busy.

So what is the cure for laziness? The answer is—a little greed.

For many of us, we were raised thinking of greed or desire as bad. "Greedy people are bad people," my mom used to say. Yet we all have inside of us this yearning to have nice, new, or exciting things.

So to keep that emotion of desire under control, often parents find ways of suppressing that desire with guilt. “You only think about yourself. Don’t you know you have brothers and sisters?” was one of my mom’s favorites. “You want me to buy you what?” was a favorite of my dad. “Do you think we’re made of money? Do you think money grows on trees? We’re not rich people, you know.”

It wasn’t so much the words, but the angry guilt trip that went with the words that got to me.

Or the reverse guilt trip was the “I’m sacrificing my life to buy this for you. I’m buying this for you because I never had this advantage when I was a kid.” I have a neighbor who is stone-broke but can’t park his car in his garage. The garage is filled with toys for his kids. Those spoiled brats get everything they ask for.

---

*Rich dad believed  
that the words  
“I can’t afford it”  
shut down your brain.  
“How can I afford it?”  
opens up possibilities,  
excitement, and dreams.*

---

“I don’t want them to know the feeling of want” are his everyday words. He has nothing set aside for their college or his retirement, but his kids have every toy ever made. He recently got a new credit card in the mail and took his kids to visit Las Vegas. “I’m doing it for the kids,” he said with great sacrifice.

Rich dad forbade the words, “I can’t afford it.” In my real home, that’s all I heard. Instead, rich dad required his children to say, “How can I afford it?” He believed that the words “I can’t afford it” shut down your brain. It didn’t have to think anymore. “How can I afford it?” opened up the brain and forced it to think and search for answers.

But most importantly, he felt the words, “I can’t afford it,” were a lie. And the human spirit knows it. “The human spirit is very, very powerful,” he would say. “It knows it can do anything.” By having a lazy mind that says, “I can’t afford it,” a war breaks out inside you. Your spirit is angry, and your lazy mind must defend its lie. The spirit is screaming, “Come on. Let’s go to the gym and work out.” And the lazy mind says, “But I’m tired. I worked really hard today.” Or the human

spirit says, “I’m sick and tired of being poor. Let’s get out there and get rich.” To which the lazy mind says, “Rich people are greedy. Besides it’s too much bother. It’s not safe. I might lose money. I’m working hard enough as it is. I’ve got too much to do at work anyway. Look at what I have to do tonight. My boss wants it finished by morning.”

“I can’t afford it” also causes sadness, a helplessness that leads to despondency and often depression. “How can I afford it?” opens up possibilities, excitement, and dreams. So rich dad was not so concerned about what we wanted to buy as long as we understood that “How can I afford it?” creates a stronger mind and a dynamic spirit.

Thus he rarely gave Mike or me anything. He would instead ask, “How can you afford it?” and that included college, which we paid for ourselves. It was not the goal, but the process of attaining the goal that he wanted us to learn.

The problem I see today is that there are millions of people who feel guilty about their desire or their “greed.” It’s old conditioning from their childhood. While they desire to have the finer things that life offers, most have been conditioned subconsciously to say, “I can’t have that,” or “I’ll never be able to afford that.”

When I decided to exit the Rat Race, it was simply a question of “How can I afford to never work again?” And my mind began to kick out answers and solutions. The hardest part was fighting my real parents’ dogma: “We can’t afford that.” “Stop thinking only about yourself.” “Why don’t you think about others?” and other similar sentiments designed to instill guilt to suppress my “greed.”

So how do you beat laziness? Once again, the answer is a little greed. It’s that radio station WII-FM, which stands for “What’s In It For Me?” A person needs to sit down and ask, “What would my life be like if I never had to work again?” “What would I do if I had all the money I needed?” Without that little greed, the desire to have something better, progress is not made. Our world progresses because we all desire a better life. New inventions are made because we desire something better. We go to school and study hard because we want something better. So whenever you find yourself avoiding something

you know you should be doing, then the only thing to ask yourself is, “What’s in it for me?” Be a little greedy. It’s the best cure for laziness.

Too much greed, however, as anything in excess can be, is not good. But just remember what Michael Douglas said in the movie *Wall Street*: “Greed is good.” Rich dad said it differently: “Guilt is worse than greed, for guilt robs the body of its soul.” I think Eleanor Roosevelt said it best: “Do what you feel in your heart to be right—for you’ll be criticized anyway. You’ll be damned if you do, and damned if you don’t.”

### ***Overcoming Bad Habits***

Our lives are a reflection of our habits more than our education. After seeing the movie *Conan the Barbarian*, starring Arnold Schwarzenegger, a friend said, “I’d love to have a body like Schwarzenegger.” Most of the guys nodded in agreement.

“I even heard he was really puny and skinny at one time,” another friend added.

“Yeah, I heard that too,” another one said. “I heard he has a habit of working out almost every day in the gym.”

“Yeah, I’ll bet he has to.”

“Nah,” said the group cynic. “I’ll bet he was born that way. Besides, let’s stop talking about Arnold and get some beers.”

This is an example of habits controlling behavior. I remember asking my rich dad about the habits of the rich. Instead of answering me outright, he wanted me to learn through example, as usual.

“When does your dad pay his bills?” rich dad asked.

“The first of the month,” I said.

“Does he have anything left over?” he asked.

“Very little,” I said.

“That’s the main reason he struggles,” said rich dad. “He has bad habits. Your dad pays everyone else first. He pays himself last, but only if he has anything left over.”

“Which he usually doesn’t,” I said. “But he has to pay his bills, doesn’t he? You’re saying he shouldn’t pay his bills?”

"Of course not," said rich dad. "I firmly believe in paying my bills on time. I just pay myself first. Before I pay even the government."

"But what happens if you don't have enough money?" I asked.  
"What do you do then?"

"The same," said rich dad. "I still pay myself first. Even if I'm short of money. My asset column is far more important to me than the government."

"But," I said. "Don't they come after you?"

"Yes, if you don't pay," said rich dad. "Look, I did not say not to pay. I just said I pay myself first, even if I'm short of money."

"But," I replied. "How do you do that?"

"It's not how. The question is 'Why?'" rich dad said.

"Okay, why?"

"Motivation," said rich dad. "Who do you think will complain louder if I don't pay them—me, or my creditors?"

"Your creditors will definitely scream louder than you," I said, responding to the obvious. "You wouldn't say anything if you didn't pay yourself."

"So you see, after paying myself, the pressure to pay my taxes and the other creditors is so great that it forces me to seek other forms of income. The pressure to pay becomes my motivation. I've worked extra jobs, started other companies, traded in the stock market, anything just to make sure those guys don't start yelling at me. That pressure made me work harder, forced me to think, and all in all, made me smarter and more active when it comes to money. If I had paid myself last, I would have felt no pressure, but I'd be broke."

"So it is the fear of the government or other people you owe money to that motivates you?"

"That's right," said rich dad. "You see, government bill collectors are big bullies. So are bill collectors in general. Most people give into these bullies. They pay them and never pay themselves. You know the story of the 98-pound weakling who gets sand kicked in his face?"

I nodded. "I see that ad for weightlifting and bodybuilding lessons in the comic books all the time."

---

*If I pay myself first,  
I get financially stronger,  
mentally and fiscally.*

---

“Well, most people let the bullies kick sand in their faces. I decided to use the fear of the bully to make me stronger. Others get weaker. Forcing myself to think about how to make

extra money is like going to the gym and working out with weights. The more I work my mental money muscles out, the stronger I get. Now I’m not afraid of those bullies.”

I liked what rich dad was saying. “So if I pay myself first, I get financially stronger, mentally and fiscally.”

Rich dad nodded.

“And if I pay myself last, or not at all, I get weaker. So people like bosses, managers, tax collectors, bill collectors, and landlords push me around all my life—just because I don’t have good money habits.”

Rich dad nodded. “Just like the 98-pound weakling.”

## ***Overcoming Arrogance***

“What I know makes me money. What I don’t know loses me money. Every time I have been arrogant, I have lost money. Because when I’m arrogant, I truly believe that what I don’t know is not important,” rich dad would often tell me.

I have found that many people use arrogance to try to hide their own ignorance. It often happens when I am discussing financial statements with accountants or even other investors.

They try to bluster their way through the discussion. It is clear to me that they don’t know what they’re talking about. They’re not lying, but they are not telling the truth.

There are many people in the world of money, finances, and investments who have absolutely no idea what they’re talking about. Most people in the money industry are just spouting off sales pitches like used-car salesmen. When you know you are ignorant in a subject, start educating yourself by finding an expert in the field or a book on the subject.

## Chapter Eight

# GETTING STARTED

---

*There is gold everywhere.  
Most people are not trained to see it.*

---

I wish I could say acquiring wealth was easy for me, but it wasn't.

So in response to the question “How do I start?” I offer the thought process I go through on a day-to-day basis. It really is easy to find great deals. I promise you that. It's just like riding a bike. After a little wobbling, it's a piece of cake. But when it comes to money, it takes determination to get through the wobbling. That's a personal thing.

To find million-dollar “deals of a lifetime” requires us to call on our financial genius. I believe that each of us has a financial genius within us. The problem is that our financial genius lies asleep, waiting to be called upon. It lies asleep because our culture has educated us into believing that the love of money is the root of all evil. It has encouraged us to learn a profession so we can work for money, but failed to teach us how to have money work for us. It taught us not to worry about our financial future because our company or the government would take care of us when our working days are over. However, it is our children, educated in the same school system, who will end up paying for this absence of financial education. The message is still to work hard, earn money, and spend it, and when we run short, we can always borrow more.

Unfortunately, 90 percent of the Western world subscribes to the above dogma, simply because it's easier to find a job and work for money. If you are not one of the masses, I offer you the following 10 steps to awaken your financial genius. I simply offer you the steps

I have personally followed. If you want to follow some of them, great. If you don't, make up your own. Your financial genius is smart enough to develop its own list.

While in Peru, I asked a gold miner of 45 years how he was so confident about finding a gold mine. He replied, "There is gold everywhere. Most people are not trained to see it."

And I would say that is true. In real estate, I can go out and in a day come up with four or five great potential deals, while the average person will go out and find nothing, even looking in the same neighborhood. The reason is that they have not taken the time to develop their financial genius.

I offer you the following 10 steps as a process to develop your God-given powers, powers over which only you have control.

### **1. Find a reason greater than reality: the power of spirit**

If you ask most people if they would like to be rich or financially free, they would say yes. But then reality sets in. The road seems too long with too many hills to climb. It's easier to just work for money and hand the excess over to your broker.

I once met a young woman who had dreams of swimming for the U.S. Olympic team. The reality was that she had to get up every morning at four o'clock to swim for three hours before going to school. She did not party with her friends on Saturday night. She had to study and keep her grades up, just like everyone else.

When I asked her what fueled her super-human ambition and sacrifice, she simply said, "I do it for myself and the people I love. It's love that gets me over the hurdles and sacrifices."

A reason or a purpose is a combination of "wants" and "don't wants." When people ask me what my reason for wanting to be rich is, I tell them that it is a combination of deep emotional "wants" and "don't wants."

I will list a few: first, the "don't wants," for they create the "wants." I don't want to work all my life. I don't want what my parents aspired for, which was job security and a house in the suburbs. I don't like being an employee. I hated that my dad always missed my football games because

he was so busy working on his career. I hated it when my dad worked hard all his life and the government took most of what he worked for at his death. He could not even pass on what he worked so hard for when he died. The rich don't do that. They work hard and pass it on to their children.

Now the "wants." I want to be free to travel the world and live in the lifestyle I love. I want to be young when I do this. I want to simply be free. I want control over my time and my life. I want money to work for me.

Those are my deep-seated emotional reasons. What are yours? If they are not strong enough, then the reality of the road ahead may be greater than your reasons. I have lost money and been set back many times, but it was the deep emotional reasons that kept me standing up and going forward. I wanted to be free by age 40, but it took me until I was 47, with many learning experiences along the way.

As I said, I wish I could say it was easy. It wasn't. But it wasn't that hard either. I've learned that, without a strong reason or purpose, anything in life is hard.

**IF YOU DO NOT HAVE A STRONG REASON, THERE IS NO SENSE READING FURTHER. IT WILL SOUND LIKE TOO MUCH WORK.**

## **2. Make daily choices: the power of choice**

Choice is the main reason people want to live in a free country. We want the power to choose.

Financially, with every dollar we get in our hands, we hold the power to choose our future: to be rich, poor, or middle class. Our spending habits reflect who we are. Poor people simply have poor spending habits. The benefit I had as a boy was that I loved playing Monopoly constantly. Nobody told me Monopoly was only for kids, so I just kept playing the game as an adult. I also had a rich dad who pointed out to me the difference between an asset and a liability. So a long time ago, as a little boy, I chose to be rich, and I knew that all I had to do was learn to acquire assets, real assets. My best friend, Mike, had an asset column handed to him, but he still had to choose

to learn to keep it. Many rich families lose their assets in the next generation simply because there was no one trained to be a good steward over their assets.

Most people choose not to be rich. For 90 percent of the population, being rich is too much of a hassle. So they invent sayings that go: "I'm not interested in money." "I'll never be rich." "I don't have to worry. I'm still young." "When I make some money, then I'll think about my future." "My husband/wife handles the finances." The problem with those statements is that they rob the person who chooses to think such thoughts of two things: One is time, which is your most precious asset. The second is learning. Having no money should not be an excuse to not learn. But that is a choice we all make daily: the choice of what we do with our time, our money, and what we put in our heads. That is the power of choice. All of us have choice. I just choose to be rich, and I make that choice every day.

Invest first in education. In reality, the only real asset you have is your mind, the most powerful tool we have dominion over. Each of us has the choice of what we put in our brain once we're old enough. You can watch TV, read golf magazines, or go to ceramics class or a class on financial planning. You choose. Most people simply buy investments rather than first investing in learning about investing.

A friend of mine recently had her apartment burglarized. The thieves took her electronics and left all the books. And we all have that same choice. 90 percent of the population buys TV sets, and only about 10 percent buy business books.

So what do I do? I go to seminars. I like it when they are at least two days long because I like to immerse myself in a subject. In 1973, I was watching this guy on TV who was advertising a three-day seminar on how to buy real estate for nothing down. I spent \$385 and that course has made me at least \$2 million, if not more. But more importantly, it bought me life. I don't have to work for the rest of my life because of that one course. I go to at least two such courses every year.

I love CDs and audio books. The reason: I can easily review what I just heard. I was listening to an investor say something I completely disagreed with. Instead of becoming arrogant and critical, I simply

listened to that five-minute stretch at least 20 times, maybe more. But suddenly, by keeping my mind open, I understood why he said what he said. It was like magic. I felt like I had a window into the mind of one of the greatest investors of our time. I gained tremendous insight into the vast resources of his education and experience.

The net result: I still have the old way I used to think, and I now have a new way of looking at the same problem or situation. I have two ways to analyze a problem or trend, and that is priceless. Today, I often say, "How would Donald Trump do this, or Warren Buffett or George Soros?" The only way I can access their vast mental power is to be humble enough to read or listen to what they have to say. Arrogant or critical people are often people with low self-esteem who are afraid of taking risks. That's because, if you learn something new, you are then required to make mistakes in order to fully understand what you have learned.

If you have read this far, arrogance is not one of your problems. Arrogant people rarely read or listen to experts. Why should they? They are the center of the universe.

There are so many "intelligent" people who argue or defend when a new idea clashes with the way they think. In this case, their so-called intelligence combined with arrogance equals ignorance. Each of us knows people who are highly educated, or believe they are smart, but their balance sheet paints a different picture. A truly intelligent person welcomes new ideas, for new ideas can add to the synergy of other accumulated ideas. Listening is more important than talking. If that were not true, God would not have given us two ears and only one mouth. Too many people think with their mouth instead of listening in order to absorb new ideas and possibilities. They argue instead of asking questions.

I take a long view on my wealth. I do not subscribe to the get-rich-quick mentality most lottery players or casino gamblers have. I may go in and out of stocks, but I am long on education. If you want to fly an airplane, I advise taking lessons first. I am always shocked at people who buy stocks or real estate, but never invest in their greatest asset, their mind. Just because you bought a house or two does not make you an expert at real estate.

### 3. Choose friends carefully: the power of association

First of all, I do not choose my friends by their financial statements. I have friends who have actually taken a vow of poverty as well as friends who earn millions every year. The point is that I learn from all of them.

Now, I will admit that there are people I have actually sought out because they had money. But I was not after their money; I was seeking their knowledge. In some cases, these people who had money have become dear friends. I've noticed that my friends with money talk about money. They don't do it to brag. They're interested in the subject. So I learn from them, and they learn from me. My friends who are in dire financial straits do not like talking about money, business, or investing. They often think it rude or unintellectual. So I also learn from my friends who struggle financially. I find out what not to do.

I have several friends who have generated over a billion dollars in their short lifetimes. The three of them report the same phenomenon: Their friends who have no money have never come to them to ask them how they did it. But they do come asking for one of two things, or both: a loan, or a job.

*WARNING: Don't listen to poor or frightened people. I have such friends, and while I love them dearly, they are the Chicken Littles of life. To them, when it comes to money, especially investments, it's always, "The sky is falling! The sky is falling!" They can always tell you why something won't work. The problem is that people listen to them. But people who blindly accept doom-and-gloom information are also Chicken Littles. As that old saying goes, "Birds of a feather flock together."*

If you watch business channels on TV, they often have a panel of so-called experts. One expert will say the market is going to crash, and the other will say it's going to boom. If you're smart, you listen to both. Keep your mind open, because both have valid points. Unfortunately, most poor people listen to Chicken Little.

I have had many close friends try to talk me out of a deal or an investment. Not long ago, a friend told me he was excited because he found a 6 percent certificate of deposit. I told him I earn 16 percent

from the state government. The next day he sent me an article about why my investment was dangerous. I have received 16 percent for years now, and he still receives 6 percent.

I would say that one of the hardest things about wealth-building is to be true to yourself and to be willing to not go along with the crowd. This is because, in the market, it is usually the crowd that shows up late that is slaughtered. If a great deal is on the front page, it's too late in most instances. Look for a new deal. As we used to say as surfers: "There is always another wave." People who hurry and catch a wave late usually are the ones who wipe out.

Smart investors don't time the markets. If they miss a wave, they search for the next one and get themselves in position. This is hard for most investors because buying what is not popular is frightening. Timid investors are like sheep going along with the crowd. Or their greed gets them in when wise investors have already taken their profits and moved on. Wise investors buy an investment when it's not popular. They know their profits are made when they buy, not when they sell. They wait patiently. As I said, they do not time the market. Just like a surfer, they get in position for the next big swell.

It's all "insider trading." There are forms of insider trading that are illegal, and there are forms of insider trading that are legal. But either way, it's insider trading. The only distinction is: How far away from the inside are you? The reason you want to have rich friends is because that is where the money is made. It's made on information. You want to hear about the next boom, get in, and get out before the next bust. I'm not saying do it illegally, but the sooner you know, the better your chances are for profits with minimal risk. That is what friends are for. And that is financial intelligence.

#### **4. Master a formula and then learn a new one: the power of learning quickly**

In order to make bread, every baker follows a recipe, even if it's only held in their head. The same is true for making money.

Most of us have heard the saying, "You are what you eat." I have a different slant. I say, "You become what you study." In other words,

be careful what you learn, because your mind is so powerful that you become what you put in your head. For example, if you study cooking, you then tend to cook. If you don't want to be a cook anymore, then you need to study something else.

When it comes to money, the masses generally have one basic formula they learned in school and it's this: Work for money. The predominant formula I see in the world is that every day millions of people get up, go to work, earn money, pay bills, balance checkbooks, buy some mutual funds, and go back to work. That is the basic formula, or recipe.

If you're tired of what you're doing, or you're not making enough, it's simply a case of changing the formula via which you make money.

Years ago, when I was 26, I took a weekend class called "How to Buy Real Estate Foreclosures." I learned a formula. The next trick was to have the discipline to actually put into action what I had learned. That is where most people stop. For three years, while working for Xerox, I spent my spare time learning to master the art of buying foreclosures. I've made several million dollars using that formula.

So after I mastered that formula, I went in search of other formulas. For many of the classes, I did not directly use the information I learned, but I always learned something new.

I have attended classes designed for derivative traders, commodity option traders, and chaologists. I was way out of my league, being in a room full of people with doctorates in nuclear physics and space science. Yet, I learned a lot that made my stock and real estate investing more meaningful and lucrative.

Most junior colleges and community colleges have classes on financial planning and buying traditional investments. They are good places to start, but I always search for a faster formula. That is why, on a fairly regular basis, I make more in a day than many people will make in their lifetime.

Another side note: In today's fast-changing world, it's not so much what you know anymore that counts, because often what you know is old. It is how fast you learn. That skill is priceless. It's priceless in finding faster formulas—recipes, if you will—for making dough. Working hard for money is an old formula born in the day of cavemen.

## 5. Pay yourself first: the power of self-discipline

If you cannot get control of yourself, do not try to get rich. It makes no sense to invest, make money, and blow it. It is the lack of self-discipline that causes most lottery winners to go broke soon after winning millions. It is the lack of self-discipline that causes people who get a raise to immediately go out and buy a new car or take a cruise.

It is difficult to say which of the 10 steps is the most important. But of all the steps, this step is probably the most difficult to master if it is not already a part of your makeup. I would venture to say that personal self-discipline is the number-one delineating factor between the rich, the poor, and the middle class.

Simply put, people who have low self-esteem and low tolerance for financial pressure can never be rich. As I have said, a lesson learned from my rich dad was that the world will push you around. The world pushes people around, not because other people are bullies, but because the individual lacks internal control and discipline. People who lack internal fortitude often become victims of those who have self-discipline.

In the entrepreneur classes I teach, I constantly remind people to not focus on their product, service, or widget, but to focus on developing management skills. The three most important management skills necessary to start your own business are management of:

1. Cash flow
2. People
3. Personal time

I would say the skills to manage these three apply to anything, not just entrepreneurs. The three matter in the way you live your life as an individual, or as part of a family, a business, a charitable organization, a city, or a nation.

Each of these skills is enhanced by the mastery of self-discipline. I do not take the saying, “Pay yourself first,” lightly.

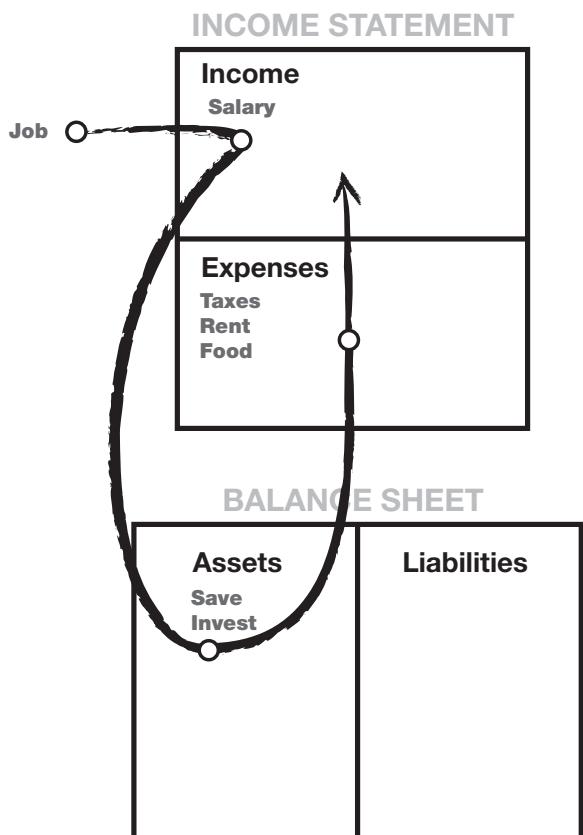
The statement, “Pay yourself first,” comes from George Clason’s book, *The Richest Man in Babylon*. Millions of copies have been sold. But while millions of people freely repeat that powerful statement,

few follow the advice. As I said, financial literacy allows one to read numbers, and numbers tell the story. By looking at a person's income statement and balance sheet, I can readily see if people who spout the words, "Pay yourself first," actually practice what they preach.

A picture is worth a thousand words. So let's review the financial statements of people who pay themselves first against someone who doesn't.

Study the diagrams and see if you can pick up some distinctions. Again, it has to do with understanding cash flow, which tells the story. Most people look at the numbers and miss the story.

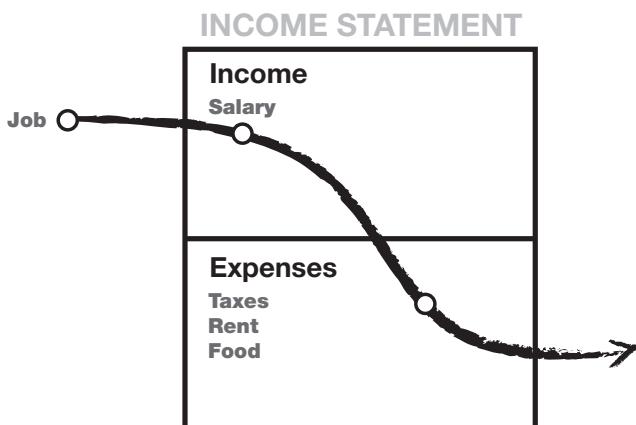
### People Who Pay Themselves First



Do you see it? The diagram reflects the actions of individuals who choose to pay themselves first. Each month, they allocate money to their asset column before they pay their monthly expenses. Although millions of people have read Clason's book and understand the words, "Pay yourself first," in reality they pay themselves last.

Now I can hear the howls from those of you who sincerely believe in paying your bills first. And I can hear all the responsible people who pay their bills on time. I am not saying be irresponsible and not pay your bills. All I am saying is do what the book says, which is: Pay yourself first. And the previous diagram is the correct accounting picture of that action.

### People Who Pay Everyone Else First



### BALANCE SHEET

Assets	Liabilities

If you can truly begin to understand the power of cash flow, you will soon realize what is wrong with the previous diagram, or why 90 percent of people work hard all their lives and need government support like Social Security when they are no longer able to work.

Kim and I have had many bookkeepers, accountants, and bankers who have had a major problem with this way of looking at, “Pay yourself first.” The reason is that these financial professionals actually do what the masses do: They pay themselves last.

There have been times in my life when, for whatever reason, cash flow was far less than my bills. I still paid myself first. My accountant and bookkeeper screamed in panic, “They’re going to come after you. The IRS is going to put you in jail.” “You’re going to ruin your credit rating.” “They’ll cut off the electricity.” I still paid myself first.

“Why?” you ask. Because that’s what the story, *The Richest Man In Babylon*, was all about: the power of self-discipline and the power of internal fortitude. As my rich dad taught me the first month I worked for him, most people allow the world to push them around. A bill collector calls and you “pay or else.” A sales clerk says, “Oh, just put it on your charge card.” Your real estate agent tells you, “Go ahead. The government allows you a tax deduction on your home.” That is what the book is really about—having the guts to go against the tide and get rich. You may not be weak, but when it comes to money, many people get wimpy.

I am not saying be irresponsible. The reason I don’t have high credit-card debt, and doodad debt, is because I pay myself first. The reason I minimize my income is because I don’t want to pay it to the government. That is why my income comes from my asset column, through a Nevada corporation. If I work for money, the government takes it.

Although I pay my bills last, I am financially astute enough to not get into a tough financial situation. I don’t like consumer debt. I actually have liabilities that are higher than 99 percent of the population, but I don’t pay for them. Other people pay for my liabilities. They’re called tenants. So rule number one in paying yourself first is: Don’t get into consumer debt in the first place. Although I pay my bills last, I set it up to have only small unimportant bills that are due.

When I occasionally come up short, I still pay myself first. I let the creditors and even the government scream. I like it when they get tough. Why? Because those guys do me a favor. They inspire me to go out and create more money. So I pay myself first, invest the money, and let the creditors yell. I generally pay them right away anyway. Kim and I have excellent credit. We just don't cave in to pressure and spend our savings or liquidate stocks to pay for consumer debt. That is not too financially intelligent.

**To successfully pay yourself first, keep the following in mind:**

1. Don't get into large debt positions that you have to pay for. Keep your expenses low. Build up assets first. Then buy the big house or nice car. Being stuck in the Rat Race is not intelligent.
2. When you come up short, let the pressure build and don't dip into your savings or investments. Use the pressure to inspire your financial genius to come up with new ways of making more money, and then pay your bills. You will have increased your ability to make more money as well as your financial intelligence.

So many times I have gotten into financial hot water and used my brain to create more income while staunchly defending the assets in my asset column. My bookkeeper has screamed and dived for cover, but I was like a good soldier defending the fort—Fort Assets.

Poor people have poor habits. A common bad habit is innocently called “dipping into savings.” The rich know that savings are only used to create more money, not to pay bills.

I know that sounds tough, but as I said, if you're not tough inside, the world will always push you around anyway.

If you do not like financial pressure, then find a formula that works for you. A good one is to cut expenses, put your money in the bank, pay more than your fair share of income tax, buy safe mutual funds, and take the vow of the average. But this violates the pay-yourself-first rule.

This rule does not encourage self-sacrifice or financial abstinence. It doesn't mean pay yourself first and starve. Life was meant to be enjoyed. If you call on your financial genius, you can have all the goodies of life, get rich, and pay bills. And that is financial intelligence.

## **6. Pay your brokers well: the power of good advice**

Sometimes I see people posting a sign in front of their house that says, "For Sale by Owner." Or I see people on TV claiming to be "Discount Brokers."

My rich dad taught me to take the opposite approach. He believed in paying professionals well, and I have adopted that policy also. Today, I have expensive attorneys, accountants, real estate brokers, and stockbrokers. Why? Because if, and I do mean if, the people are professionals, their services should make you money. And the more money they make, the more money I make.

We live in the Information Age. Information is priceless. A good broker should provide you with information, as well as take the time to educate you. I have several brokers who do that for me. Some taught me when I had little or no money, and I am still with them today.

What I pay a broker is tiny in comparison with what kind of money I can make because of the information they provide. I love it when my real estate broker or stockbroker makes a lot of money because that usually means I made a lot of money.

A good broker saves me time, in addition to making me money—like when I bought the vacant land for \$9,000 and sold it immediately for over \$25,000 so I could buy my Porsche quicker.

A broker is my eyes and ears in the market. They're there every day so I do not have to be. I'd rather play golf.

People who sell their house on their own must not value their time much. Why would I want to save a few bucks when I could use that time to make more money or spend it with those I love? What I find funny is that so many poor and middle-class people insist on tipping restaurant help 15 to 20 percent, even for bad service, but complain about paying a broker three to seven percent. They enjoy tipping people in the expense column and stiffing people in the asset column. That is not financially intelligent.

Keep in mind that not all brokers are created equal. Unfortunately, most brokers are only salespeople. They sell, but they themselves own little or no real estate. There is a tremendous difference between a broker who sells houses and a broker who sells investments. The same is true for stock, bond, mutual fund, and insurance, brokers who call themselves financial planners.

When I interview any paid professional, I first find out how much property or stocks they personally own and what percentage they pay in taxes. And that applies to my tax attorney as well as my accountant. I have an accountant who minds his own business. His profession is accounting, but his business is real estate. I used to have an accountant who was a small-business accountant, but he had no real estate. I switched because we did not love the same business.

Find a broker who has your best interests at heart. Many brokers will spend the time educating you, and they could be the best asset you find. Just be fair, and most of them will be fair to you. If all you can think about is cutting their commissions, then why should they want to help you? It's just simple logic.

As I said earlier, one of the management skills is the management of people. Many people only manage people they feel smarter than and they have power over. Many middle managers remain middle managers, failing to get promoted, because they know how to work with people below them, but not with people above them. The real skill is to manage and reward the people who are smarter than you in some technical area. That is why companies have a board of directors. You should have one too. That is financial intelligence.

## 7. Be an Indian giver: the power of getting something for nothing

When the first European settlers came to America, they were taken aback by a cultural practice some American Indians had. For example, if a settler was cold, the Indian would give the person a blanket. Mistaking it for a gift, the settler was often offended when the Indian asked for it back.

The Indians also got upset when they realized the settlers did not want to give it back. That is where the term "Indian giver" came from, a simple cultural misunderstanding.

In the world of the asset column, being an Indian giver is vital to wealth. The sophisticated investor's first question is: "How fast do I get my money back?" They also want to know what they get for free, also called a "piece of the action." That is why the ROI, or return on investment, is so important.

For example, I found a small condominium that was in foreclosure a few blocks from where I lived. The bank wanted \$60,000, and I

---

*The sophisticated  
investor's first  
question is:  
"How fast do I get my  
money back?"*

---

submitted a bid for \$50,000, which they took, simply because, along with my bid, was a cashier's check for \$50,000. They realized I was serious. Most investors would say, "Aren't you tying up a lot of cash? Would it not be better to get a loan on it?" The answer

is, "Not in this case." My investment company uses this condominium as a vacation rental in the winter months when the "snowbirds" come to Arizona. It rents for \$2,500 a month for four months out of the year. For rental during the off-season, it rents for only \$1,000 a month. I had my money back in about three years. Now I own this asset, which pumps money out for me, month in and month out.

The same is done with stocks. Frequently, my broker calls and recommends I move a sizable amount of money into the stock of a company that he feels is just about to make a move that will add value to the stock, like announcing a new product. I will move my money in for a week to a month while the stock moves up. Then I pull my initial dollar amount out, and stop worrying about the fluctuations of the market, because my initial money is back and ready to work on another asset. So my money goes in, and then it comes out, and I own an asset that was technically free.

True, I have lost money on many occasions, but I only play with money I can afford to lose. I would say, on an average 10 investments, I hit home runs on two or three, while five or six do nothing, and I lose on two or three. But I limit my losses to only the money I have in at that time.

People who hate risk put their money in the bank. In the long run, safe savings are better than no savings. But it takes a long time to get your money back and, in most instances, you don't get anything for free with it.

On every one of my investments, there must be an upside, something for free—like a condominium, a mini-storage, a piece of free land, a house, stock shares, or an office building. And there must be limited risk, or a low-risk idea. There are books devoted entirely to this subject, so I will not talk about it here. Ray Kroc, of McDonald's fame, sold hamburger franchises, not because he loved hamburgers, but because he wanted the real estate under the franchise for free.

So wise investors must look at more than ROI. They look at the assets they get for free once they get their money back. That is financial intelligence.

## **8. Use assets to buy luxuries: the power of focus**

A friend's child has been developing a nasty habit of burning a hole in his pocket. Just 16, he wanted his own car. The excuse: "All his friends' parents gave their kids cars." The child wanted to go into his savings and use it for a down payment. That was when his father called me and then came to see me.

"Do you think I should let him do it, or should I just buy him a car?"

I answered, "It might relieve the pressure in the short term, but what have you taught him in the long term? Can you use this desire to own a car and inspire your son to learn something?" Suddenly the lights went on, and he hurried home.

Two months later I ran into my friend again. "Does your son have his new car?" I asked.

"No, he doesn't. But I gave him \$3,000 for the car. I told him to use my money instead of his college money."

"Well, that's generous of you," I said.

"Not really. The money came with a hitch."

“So what was the hitch?” I asked.

“Well, first we played your *CASHFLOW* game. We then had a long discussion about the wise use of money. After that, I gave him a subscription to the *Wall Street Journal* and a few books on the stock market.”

“Then what?” I asked. “What was the catch?”

“I told him the \$3,000 was his, but he could not directly buy a car with it. He could use it to find a stockbroker and buy and sell stocks. Once he had made \$6,000 with the \$3,000, the money would be his for the car, and the \$3,000 would go into his college fund.”

“And what are the results?” I asked.

“Well, he got lucky early in his trading, but lost everything a few days later. Then he really got interested. Today, I would say he is down \$2,000, but his interest is up. He has read all the books I bought him, and he’s gone to the library to get more. He reads the *Wall Street Journal* voraciously, watching for indicators. He’s got only \$1,000 left, but his interest and learning are sky-high. He knows that if he loses that money, he walks for two more years. But he does not seem to care. He even seems uninterested in getting a car, because he’s found a game that is more fun.”

“What happens if he loses all the money?” I asked.

“We’ll cross that bridge when we get to it. I’d rather have him lose everything now than wait till he’s our age to risk losing everything. And besides, that is the best \$3,000 I’ve ever spent on his education. What he is learning will serve him for life, and he seems to have gained a new respect for the power of money.”

As I said earlier, if a person cannot master the power of self-discipline, it is best not to try to get rich. I say this because, although the process of developing cash flow from an asset column is easy in theory, what’s hard is the mental fortitude to direct money to the correct use. Due to external temptations, it is much easier in today’s consumer world to simply blow money out the expense column. With weak mental fortitude, that money flows into the paths of least resistance. That is the cause of poverty and financial struggle.

The following example illustrates the financial intelligence needed to direct money to make more money.

If we give 100 people \$10,000 at the start of the year, I believe that at the end of the year:

- 80 would have nothing left. In fact, many would have created greater debt by making a down payment on a new car, refrigerator, electronics, or a holiday.
- 16 would have increased that \$10,000 by 5-10 percent.
- Four would have increased it to \$20,000 or into the millions.

We go to school to learn a profession so we can work for money. It is my opinion that it's just as important to learn how to have money work for you.

I love my luxuries as much as anyone else. The difference is I don't buy them on credit. It's the keep-up-with-the-Joneses trap. When I wanted to buy a Porsche, the easy road would have been to call my banker and get a loan. Instead of choosing to focus in the liability column, I chose to focus in the asset column.

As a habit, I use my desire to consume to inspire and motivate my financial genius to invest.

Too often today, we focus on borrowing money to get the things we want instead of focusing on creating money. One is easier in the short term, but harder in the long term. It's a bad habit that we as individuals, and as a nation, have gotten into. Remember, the easy road often becomes hard, and the hard road often becomes easy.

The earlier you can train yourself and those you love to be masters of money, the better. Money is a powerful force. Unfortunately, people use the power of money against themselves. If your financial intelligence is low, money will run all over you. It will be smarter than you. If money is smarter than you, you will work for it all your life.

To be the master of money, you need to be smarter than it. Then money will do as it is told. It will obey you. Instead of being a slave to it, you will be the master of it. That is financial intelligence.

## 9. Choose heroes: the power of myth

When I was a kid, I greatly admired Willie Mays, Hank Aaron, and Yogi Berra. They were my heroes, and I wanted to be just like them. I treasured their baseball cards, I knew their stats, the RBIs, the ERAs, their batting averages, how much they got paid, and how they came up from the minor leagues.

As a nine-year-old kid, when I stepped up to bat or played first base or catcher, I wasn't me. I pretended I was a famous baseball player. It's one of the most powerful ways we learn, and we often lose that as adults. We lose our heroes.

Today, I watch young kids playing basketball near my home. On the court they're not little Johnny. They're pretending to be their favorite basketball hero. Copying or emulating heroes is true power learning.

I have new heroes as I grow older. I have golf heroes and I copy their swings and do my best to read everything I can about them. I also have heroes such as Donald Trump, Warren Buffett, Peter Lynch, George Soros, and Jim Rogers. I know their stats just like I knew the ERAs and RBIs of my childhood baseball heroes. I follow what Warren Buffett invests in, and I read anything I can about his point of view on the market and how he chooses stocks. And I read about Donald Trump, trying to find out how he negotiates and puts deals together.

Just as I was not me when I was up to bat, when I'm in the market or I'm negotiating a deal, I am subconsciously acting with the bravado of Trump. Or when analyzing a trend, I look at it as though Warren Buffet were doing it. By having heroes, we tap into a tremendous source of raw genius.

But heroes do more than simply inspire us. Heroes make things look easy. Making it look easy convinces us to want to be just like them.

“If they can do it, so can I.”

When it comes to investing, too many people make it sound hard. Instead, find heroes who make it look easy.

## 10. Teach and you shall receive: the power of giving

Both of my dads were teachers. My rich dad taught me a lesson I have carried all my life: the necessity of being charitable or giving. My educated dad gave a lot of his time and knowledge, but almost never gave away money.

He usually said that he would give when he had some extra money, but of course there was rarely any extra.

My rich dad gave money as well as education. He believed firmly in tithing. “If you want something, you first need to give,” he would always say. When he was short of money, he gave money to his church or to his favorite charity.

If I could leave one single idea with you, it is that idea. Whenever you feel short or in need of something, give what you want first and it will come back in buckets. That is true for money, a smile, love, or friendship. I know it is often the last thing a person may want to do, but it has always worked for me. I trust that the principle of reciprocity is true, and I give what I want. I want money, so I give money, and it comes back in multiples. I want sales, so I help someone else sell something, and sales come to me. I want contacts, and I help someone else get contacts. Like magic, contacts come to me. I heard a saying years ago that went: “God does not need to receive, but humans need to give.”

My rich dad would often say, “Poor people are more greedy than rich people.” He would explain that if a person was rich, that person was providing something that other people wanted. In my life, whenever I have felt needy or short of money or short of help, I simply went out or found in my heart what I wanted, and decided to give it first. And when I gave, it always came back.

It reminds me of the story of the guy sitting with firewood in his arms on a cold, freezing night. He is yelling at the pot-bellied stove, “When you give me some heat, then I’ll put some wood in you!” And when it comes to money, love, happiness, sales, and contacts, all one needs to remember is to give first.

Often just the process of thinking of what I want, and how I could give that to someone else, breaks free a torrent of bounty. Whenever I feel that people aren't smiling at me, I simply begin smiling and saying hello. Like magic, the next thing I know I'm surrounded by smiling people. It is true that your world is only a mirror of you.

So that's why I say, "Teach, and you shall receive." I have found that the more I teach those who want to learn, the more I learn. If you want to learn about money, teach it to someone else. A torrent of new ideas and finer distinctions will come in.

There are times when I have given and nothing has come back, or what I have received is not what I wanted. But upon closer inspection and soul searching, I was often giving to receive in those instances, instead of giving for the joy that giving itself brings.

My dad taught teachers, and he became a master teacher. My rich dad always taught young people his way of doing business. In retrospect, it was their generosity with what they knew that made them smarter. There are powers in this world that are much smarter than we are. You can get there on your own, but it's easier with the help of the powers that be. You only need to be generous with what you have.

## Chapter Nine

# STILL WANT MORE? HERE ARE SOME TO DO'S

Many people may not be satisfied with my 10 steps. They see them more as philosophies than actions. I think understanding the philosophy is just as important as the action. There are many people who want to do instead of think, and then there are people who think but do not do. I would say that I am both. I love new ideas, and I love action.

So for those who want a to-do list on how to get started, I will share with you some of the things I do, in abbreviated form.

- *Stop doing what you're doing.* In other words, take a break and assess what is working and what is not working. The definition of insanity is doing the same thing over and over and expecting a different result. Stop doing what is not working, and look for something new.
- *Look for new ideas.* For new investing ideas, I go to bookstores and search for books on different and unique subjects. I call them formulas. I buy how-to books on formulas I know nothing about.

For example, in the bookstore I found the book *The 16 Percent Solution* by Joel Moskowitz. I bought the book and read it and the next Thursday, I did exactly as the book said. Most people do not take action, or they let someone talk them out of whatever new formula they are studying. My neighbor told me why 16 percent would not work. I did not listen to him because he's never done it.

- *Find someone who has done what you want to do.* Take them to lunch and ask them for tips and tricks of the trade. As for 16 percent tax-lien certificates, I went to the county tax office and found the government employee who worked in that office. I found out that she, too, invested in the tax liens. Immediately, I invited her to lunch. She was thrilled to tell me everything she knew and how to do it. After lunch, she spent all afternoon showing me everything. By the next day, I found two great properties with her help that have been accruing interest at 16 percent ever since. It took a day to read the book, a day to take action, an hour for lunch, and a day to acquire two great deals.
- *Take classes, read, and attend seminars.* I search newspapers and the Internet for new and interesting classes, many of which are free or inexpensive. I also attend and pay for expensive seminars on what I want to learn. I am wealthy and free from needing a job simply because of the courses I took. I have friends who did not take those classes who told me I was wasting my money, and yet they're still at the same job.
- *Make lots of offers.* When I want a piece of real estate, I look at many properties and generally write an offer. If you don't know what the right offer is, neither do I. That is the job of the real estate agent. They make the offers. I do as little work as possible.

A friend wanted me to show her how to buy apartment houses. So one Saturday she, her agent, and I went and looked at six apartment houses. Four were dogs, but two were good. I said to write offers on all six, offering half of what the owners asked for. She and the agent nearly had heart attacks. They thought it was rude, and would offend the sellers, but I really don't think the agent wanted to work that hard. So they did nothing and went on looking for a better deal.

No offers were ever made, and that person is still looking for the right deal at the right price. Well, you don't know what the right price is until

you have a second party who wants to deal. Most sellers ask too much. It is rare that a seller asks a price that is less than something is worth.

Moral of the story: Make offers. People who are not investors have no idea what it feels like to try to sell something. I have had a piece of real estate that I wanted to sell for months. I would have welcomed any offer. They could have offered me 10 pigs, and I would have been happy—not at the offer, but just because someone was interested. I would have countered, maybe for a pig farm in exchange. But that's how the game works. The game of buying and selling is fun. Keep that in mind. It's fun and only a game. Make offers. Someone might say yes.

I always make offers with escape clauses. In real estate, I make an offer with language that details “subject-to” contingencies, such as the approval of a business partner. Never specify who the business partner is. Most people don't know that my partner is my cat. If they accept the offer, and I don't want the deal, I call home and speak to my cat. I make this ridiculous statement to illustrate how absurdly easy and simple the game is. So many people make things too difficult and take it too seriously.

- Finding a good deal, the right business, the right people, the right investors, or whatever is just like dating. You must go to the market and talk to a lot of people, make a lot of offers, counteroffers, negotiate, reject, and accept. I know single people who sit at home and wait for the phone to ring, but it's better to go to the market, even if it's only the supermarket. Search, offer, reject, negotiate, and accept are all parts of the process of almost everything in life.
- *Jog, walk, or drive a certain area once a month for 10 minutes.* I have found some of my best real estate investments doing this. I will jog a certain neighborhood for a year and look for change. For there to be profit in a deal, there must be two elements: a bargain and change. There are lots of bargains, but it's change that turns a bargain into a profitable opportunity. So when I jog, I jog a neighborhood I might like to invest in. It is the repetition that causes me to notice slight differences.

I notice real estate signs that are up for a long time. That means the seller might be more agreeable to deal. I watch for moving trucks going in or out. I stop and talk to the drivers. I talk to the postal carriers. It's amazing how much information they acquire about an area. I find a bad area, especially an area that the news has scared everyone away from. I drive it for sometimes a year waiting for signs of some thing changing for the better. I talk to retailers, especially new ones, and find out why they're moving in. It takes only a few minutes a month, and I do it while doing something else, like exercising, or going to and from the store.

- *Shop for bargains in all markets.* Consumers will always be poor. When the supermarket has a sale, say on toilet paper, the consumer runs in and stocks up. But when the housing or stock market has a sale, most often called a crash or correction, the same consumer often runs away from it. When the supermarket raises its prices, the consumer shops somewhere else. But when housing or the stock market raise their prices, the same consumer often rushes in and starts buying. Always remember: Profits are made in the buying, not in the selling.
- *Look in the right places.* A neighbor bought a condominium for \$100,000. I bought the identical condo next door for \$50,000. He told me he's waiting for the price to go up. I told him that profit is made when you buy, not when you sell. He shopped with a real estate broker who owns no property of her own. I shopped at the foreclosure auction. I paid \$500 for a class on how to do this.

My neighbor thought that the \$500 for a real estate investment class was too expensive. He said he could not afford the money, or the time. So he waits for the price to go up.

- *Look for people who want to buy first. Then look for someone who wants to sell.* A friend was looking for a certain piece of land. He had the money but did not have the time. I found a large piece of land, larger than what my friend wanted to buy, tied it up with an option, called my friend, and he said he wanted a piece of it. So I sold the piece to him and then bought the land. I kept the remaining land as mine for free. Moral of the story: Buy the pie, and cut it in pieces. Most people look for what they can afford, so they look too small. They buy only a piece of the pie, so they end up paying more for less. Small thinkers don't get the big breaks. If you want to get richer, think big.
- *Think big.* Retailers love giving volume discounts, simply because most business people love big spenders. So even if you're small, you can always think big. When my company was in the market for computers, I called several friends and asked them if they were ready to buy also. We then went to different dealers and negotiated a great deal because we wanted to buy so many. I have done the same with stocks. Small people remain small because they think small, act alone, or don't act all.
- *Learn from history.* All the big companies on the stock exchange started out as small companies. Colonel Sanders did not get rich until after he lost everything in his 60s. Bill Gates was one of the richest men in the world before he was thirty.
- *Action always beats inaction.*

These are just a few of the things I have done and continue to do to recognize opportunities. The important words are “have done” and “do.” As repeated many times throughout the book, you must take action before you can receive the financial rewards. Act now!



# FINAL THOUGHTS

I would like to share some final thoughts with you.

The main reason I wrote this book, and the reason it has remained a bestseller since 2000, was to share insights into how increased financial intelligence can be used to solve many of life's common problems. Without financial training, we all too often use the standard formulas to get through life: Work hard, save, borrow, and pay excessive taxes. Today, more than ever, we need better information.

I use the following story as an example of a financial problem that confronts many young families today. How do you afford a good education for your children and provide for your own retirement? It requires using financial intelligence instead of hard work.

A friend of mine was griping one day about how hard it was to save money for his four children's college educations. He was putting \$300 away in a college fund each month and had so far accumulated only about \$12,000. He had about 12 more years to save for college since his oldest child was then six years old.

At the time, the real estate market in Phoenix was terrible. People were giving houses away. I suggested to my friend that he buy a house with some of the money in his college fund. The idea intrigued him, and we began to discuss the possibility. His primary concern was that he did not have credit with the bank to buy another house since he was so over-extended. I assured him that there were other ways to finance a property rather than through the bank.

We looked for a house for two weeks, a house that would fit all our criteria. There were plenty to choose from so shopping was fun. Finally, we found a three-bedroom, two-bath home in a prime neighborhood. The owner had been downsized and needed to sell that day because he

and his family were moving to California where another job waited. The owner wanted \$102,000, but we offered only \$79,000. He took it immediately and agreed to carry back the loan with a 10 percent down payment. All my friend had to come up with was \$7,900. As soon as the owner moved, my friend put the house up for rent. After all expenses were paid, including the mortgage, he put about \$125 in his pocket each month.

His plan was to keep the house for 12 years and let the mortgage get paid down faster by applying the extra \$125 to the principal each month. We figured that in 12 years, a large portion of the mortgage would be paid off and he could possibly be clearing \$800 a month by the time his first child went to college. He could also sell the house if it had appreciated in value.

Three years later, the real estate market greatly improved in Phoenix and he was offered \$156,000 for the same house by the tenant who lived in it. Again, he asked me what I thought. I advised that he sell it, using a 1031 tax-deferred exchange.

Suddenly, he had nearly \$80,000 to operate with. I called another friend in Austin, Texas, who then moved this tax-deferred capital gain into a mini-storage facility. Within three months, he began receiving checks for a little less than a \$1,000 a month which he then poured back into the college fund.

A couple of years later, the mini-warehouse sold, and he received a check for nearly \$330,000 as proceeds from the sale. He rolled those funds into a new project that would now generate over \$3,000 a month in income, again, going into the college fund. He is now very confident that his goal will be met easily.

It only took \$7,900 to start and a little financial intelligence. His children will be able to afford the education they want, and he will then use the underlying asset, wrapped in his legal entity, to pay for his retirement. As a result of this successful investment strategy, he will be able to retire early.

Thank you for reading this book. I hope it has provided some insights into utilizing the power of money to work for you. Today, we

need greater financial intelligence to simply survive. The idea that “it takes money to make money” is the thinking of financially unsophisticated people. It does not mean that they’re not intelligent. They have simply not learned the science of money making money.

Money is only an idea. If you want more money, simply change your thinking. Every self-made person started small with an idea, and then turned it into something big. The same applies to investing. It takes only a few dollars to start and grow it into something big. I meet so many people who spend their lives chasing the big deal, or trying to amass a lot of money to get into a big deal, but to me that is foolish. Too often I have seen unsophisticated investors put their large nest egg into one deal and lose most of it rapidly. They may have been good workers, but they were not good investors.

Education and wisdom about money are important. Start early. Buy a book. Go to a seminar. Practice. Start small. I turned \$5,000 cash into a one-million-dollar asset producing \$5,000 a month cash flow in less than six years. But I started learning as a kid. I encourage you to learn, because it’s not that hard. In fact, it’s pretty easy once you get the hang of it.

I think I have made my message clear. It’s what is in your head that determines what is in your hands. Money is only an idea. There is a great book called *Think and Grow Rich*. The title is not *Work Hard and Grow Rich*. Learn to have money work hard for you, and your life will be easier and happier. Today, don’t play it safe. Play it smart.

## ***The Three Incomes***

In the world of accounting, there are three different types of income:

1. Ordinary earned
2. Portfolio
3. Passive

When my poor dad said to me, “Go to school, get good grades, and find a safe secure job,” he was recommending I work for earned income. When my rich dad said, “The rich don’t work for money. They have their money work for them,” he was talking about passive income and portfolio income. Passive income, in most cases, is income derived from real estate investments. Portfolio income is income derived from paper assets such as stocks and bonds. Portfolio income is the income that makes Bill Gates the richest man in the world, not earned income.

Rich dad used to say, “The key to becoming wealthy is the ability to convert earned income into passive income or portfolio income as quickly as possible.” He would say, “Taxes are highest on earned income. The least-taxed income is passive income. That is another reason why you want your money working hard for you. The government taxes the income you work hard for more than the income your money works hard for.”

In my second book, *Rich Dad’s CASHFLOW Quadrant*, I explain the four different types of people who make up the world of business. They are E (Employee), S (Self-employed), B (Business Owner), and I (Investor). Most people go to school to learn to be an E or an S. The *CASHFLOW Quadrant* is written about the core differences of these four types and how people can change their quadrant. In fact, most of our products are created for people in the B and I quadrants.

In *Rich Dad’s Guide to Investing*, book number three in the Rich Dad series, I go into more detail on the importance of converting earned income into passive and portfolio income. Rich dad used to say, “All a real investor does is convert earned income into passive and portfolio income. If you know what you’re doing, investing is not risky. It’s just common sense.”

### ***The Key to Financial Freedom***

The key to financial freedom and great wealth is a person’s ability to convert earned income into passive and/or portfolio income. My rich dad spent a lot of time teaching Mike and me this skill. Having this ability is

the reason my wife Kim and I are financially free, never needing to work again. We continue to work because we choose to. Today we own a real estate investment company for passive income and participate in private placements and initial public offerings of stock for portfolio income.

We also went back to work to build a financial-education company so that we can continue to create and publish books and games. All of our educational products are created to teach the same skills my rich dad taught me, the skills of converting earned income into passive and portfolio income.

The games we create are important because they teach what books cannot teach. For example, you could never learn to ride a bicycle by only reading a book. Our *CASHFLOW* games for adults and *CASHFLOW for Kids* game are designed to teach players the basic investment skills of converting earned income into passive and portfolio income. They also teach the principles of accounting and financial literacy. These games are the only educational products in

---

the world that teach people all of these skills simultaneously.

*You can play  
CASHFLOW Classic  
on the web at  
[www.richdad.com](http://www.richdad.com)  
and learn to convert  
earned income into  
passive and/or  
portfolio income*

---

*CASHFLOW 202* is the advanced version of *CASHFLOW 101* and requires the game board from 101, as well as a full understanding of 101, before it can be played. *CASHFLOW 101* and *CASHFLOW for Kids* teach the principles of fundamental investing. *CASHFLOW 202* teaches the

principles of technical investing. Technical investing involves advanced trading techniques such as short selling, call options, put options, and straddles. A person who understands these advanced techniques is able to make money when the market goes up, as well as when the market comes down. As my rich dad would say, “A real investor makes money in an up market and a down market. That is why they make so much money.” One of the reasons they make more money is simply because they have more self-confidence. Rich dad would say, “They have more

self-confidence because they are less afraid of losing.” In other words, the average investor does not make as much money because they are so afraid of losing money. The average investor does not know how to protect themselves from losses, and that is what *CASHFLOW 202* teaches.

Average investors think investing is risky because they have not been formally trained to be professional investors. As Warren Buffett, America’s richest investor says, “Risk comes from not knowing what you’re doing.” My board games teach the simple basics of fundamental investing and technical investing while people are having fun.

I occasionally hear someone say, “Your educational games are expensive,” which poses the question of ROI, the return on investment, or the value returned for the price paid. I nod my head and reply, “Yes, they may be expensive, especially when compared to entertainment board games. But my games are not as expensive as a college education, working hard all your life for earned income, paying excessive taxes, and then living in terror of losing all of your money in the investment markets.”

When someone walks away mumbling about the price, I can hear my rich dad saying, “If you want to be rich, you must know what kind of income to work hard for, how to keep it, and how to protect it from loss. That is the key to great wealth.” Rich dad would also say, “If you do not understand the differences in those three incomes and do not learn the skills on how to acquire and protect those incomes, you will probably spend your life earning less than you could and working harder than you should.”

My poor dad thought a good education, a good job, and years of hard work were all you needed to be successful. My rich dad also thought a good education was important. But to him it was also important that Mike and I know the differences in the three incomes and what kind of income to work hard for. To him, that was basic financial education. Knowing the differences in the three incomes and learning the investment skills of how to acquire the different incomes is basic education for anyone who strives to acquire great wealth and achieve financial freedom—a special kind of freedom that only a few will ever know. As rich dad states in lesson number one, “The rich do not work for money. They know how to have money work hard for them.”

Rich dad said, "Ordinary earned income is money you work for, and passive and portfolio income is money working for you." Knowing that little difference has been significant in my life. Or, as Robert Frost ends his poem, "And that has made all the difference."

### ***Take Action!***

All of you were given two great gifts: your mind and your time. It is up to you to do what you please with both. With each dollar bill that enters your hand, you, and only you, have the power to determine your destiny. Spend it foolishly, and you choose to be poor. Spend it on liabilities, and you join the middle class. Invest it in your mind and learn how to acquire assets, and you will be choosing wealth as your goal and your future. The choice is yours, and only yours. Every day with every dollar, you decide to be rich, poor, or middle class.

Choose to share this knowledge with your children, and you choose to prepare them for the world that awaits. No one else will.

You and your children's future will be determined by choices you make today, not tomorrow.

I wish you great wealth and much happiness with this fabulous gift called life.

*– Robert Kiyosaki*

## About The Author

### Robert Kiyosaki

Best known as the author of *Rich Dad Poor Dad*—the #1 personal finance book of all time—Robert Kiyosaki has challenged and changed the way tens of millions of people around the world think about money. He is an entrepreneur, educator, and investor who believes the world needs more entrepreneurs who will create jobs.

With perspectives on money and investing that often contradict conventional wisdom, Robert has earned an international reputation for straight talk, irreverence, and courage and has become a passionate and outspoken advocate for financial education.

Robert and Kim Kiyosaki are founders of The Rich Dad Company, a financial education company, and creators of the *CASHFLOW®* games. In 2014, the company will leverage the global success of the Rich Dad games in the launch of a new and breakthrough offering in mobile and online gaming.

Robert has been heralded as a visionary who has a gift for simplifying complex concepts—ideas related to money, investing, finance, and economics—and has shared his personal journey to financial freedom in ways that resonate with audiences of all ages and backgrounds. His core principles and messages—like “your house is not an asset” and “invest for cash flow” and “savers are losers”—have ignited a firestorm of criticism and ridicule...only to have played out on the world economic stage over the past decade in ways that were both unsettling and prophetic.

His point of view is that “old” advice—go to college, get a good job, save money, get out of debt, invest for the long term, and diversify—has become obsolete advice in today’s fast-paced Information Age. His Rich Dad philosophies and messages challenge the status quo. His teachings encourage people to become financially educated and to take an active role in investing for their future.

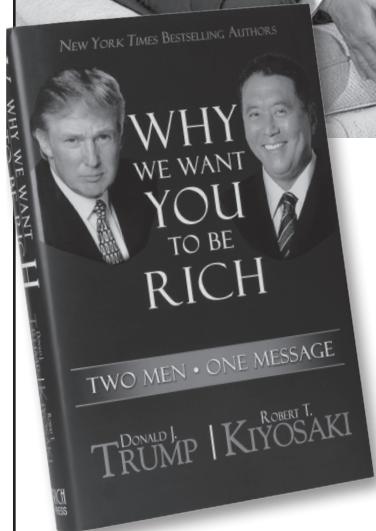
The author of 19 books, including the international blockbuster *Rich Dad Poor Dad*, Robert has been a featured guest with media outlets in every corner of the world—from CNN, the BBC, Fox News, Al Jazeera, GBTV and PBS, to *Larry King Live*, *Oprah*, *Peoples Daily*, *Sydney Morning Herald*, *The Doctors*, *Straits Times*, *Bloomberg*, *NPR*, *USA TODAY*, and hundreds of others—and his books have topped international bestsellers lists for more than a decade. He continues to teach and inspire audiences around the world.

His most recent books include *Unfair Advantage: The Power of Financial Education*, *Midas Touch*, the second book he has co-authored with Donald Trump, and *Why “A” Students Work for “C” Students*.

To learn more, visit [RichDad.com](http://RichDad.com)

New York Times Best-selling Authors

## Unmatched Financial Insight from Financial Titans Trump and Kiyosaki



"In these uncertain economic times, these two titans of business have joined forces on a book that underscores the pressing need for financial literacy."

- Steve Forbes, President & CEO, Forbes Inc.

In ***Why We Want You To Be Rich — Two Men, One Message***, Trump and Kiyosaki take an alternative approach to the standard personal-finance book, writing a book on how they think, not a conventional how-to book.

- Gain insight into how Trump and Kiyosaki think.
- Learn why they win financially.
- See the world of money, business, and investing through their eyes.

Change your way of thinking about money and life with  
***Why We Want You To Be Rich — Two Men, One Message***.

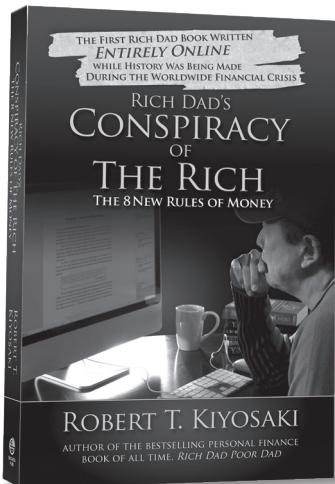
Visit **richdad.com** and order your copy today!

# IS THERE A CONSPIRACY AGAINST YOUR WEALTH?

THE FIRST RICH DAD BOOK WRITTEN  
**ENTIRELY ONLINE**  
WHILE HISTORY WAS BEING MADE  
DURING THE WORLDWIDE FINANCIAL CRISIS

Read the ground-breaking interactive book, Robert Kiyosaki's best-selling *Rich Dad's Conspiracy of the Rich*, and learn how the ultra-rich steal your wealth through taxes, debt, inflation, and retirement—and what you can do about it.

Spanning history, current events, and future trends, *Rich Dad's Conspiracy of the Rich* was written and published online during the worst economic crises since the Great Depression, and includes reader comments and a bonus Q&A chapter.



- Learn about the conspiracy against financial education.
- Discover why the dollar is doomed.
- Gain the power to take charge of your own destiny.

Don't miss one of the most talked-about Rich Dad books of all time.

Order your copy of  
***Rich Dad's Conspiracy of the Rich* today!**

Robert Kiyosaki

Investor, Entrepreneur,

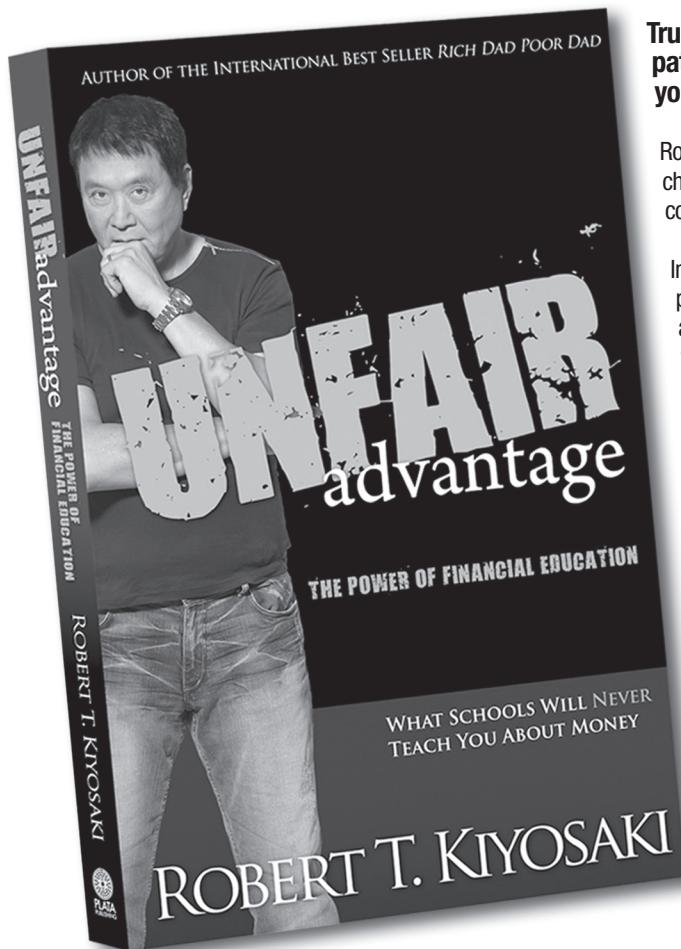
Educator, and Author

Order your copy at  
***richdad.com*** today!

RICH DAD®

# UNFAIR advantage

## THE POWER OF FINANCIAL EDUCATION



True financial education is the path to creating the life you want for yourself and your family.

Robert encourages and inspires you to change the one thing that is within your control: yourself.

In *Unfair Advantage*, Robert challenges people around the world to stop blindly accepting that they are destined to struggle financially all their lives.

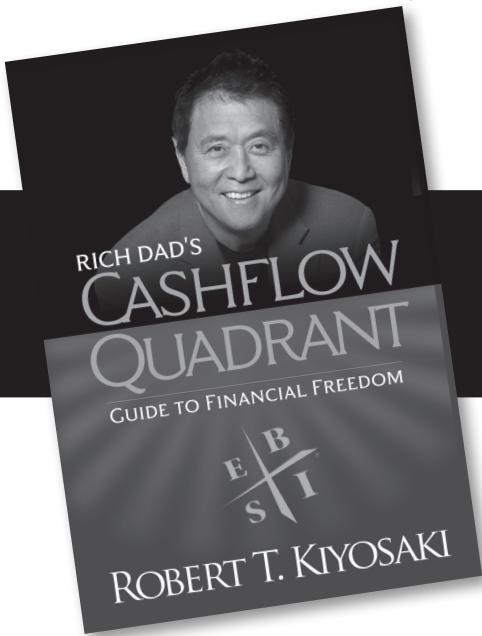
This book is about the power of financial education and the five Unfair Advantages that real financial education offers:

- The Unfair Advantage of Knowledge
- The Unfair Advantage of Taxes
- The Unfair Advantage of Debt
- The Unfair Advantage of Risk
- The Unfair Advantage of Compensation

In true Rich Dad style, *Unfair Advantage* challenges readers to appreciate two points of view and experience how the power of real financial education is their unfair advantage.

A Wall Street Journal Bestseller, *Rich Dad's CASHFLOW Quadrant*

# Tired of Living Paycheck to Paycheck?



In *Rich Dad's CASHFLOW Quadrant*, the sequel to Robert Kiyosaki's smash hit, *Rich Dad Poor Dad*, you learn how the role you play in the world of money affects your ability to become financially free.

Learn the four types of people who make up the world of business:

- Employees
- Self-employed
- Business owners
- Investors

Learn how you can move from being an employee or self-employed to capture the power of being a business owner and investor.

***Rich Dad's CASHFLOW Quadrant* is the perfect guide to getting out of the Rat Race and onto the Fast Track.**

Visit [richdad.com](http://richdad.com) and order your copy today!

# Get a Head Start with a Rich Dad Coach

Starting on an adventure to financial independence can be daunting. Boost your confidence and accelerate your progress with the guidance of one of Rich Dad's highly trained and motivating coaches.

- Discover your mission, passion, and purpose
- Build a personalized investment strategy
- Set your plan to financial freedom in motion

Whether you are a seasoned investor or beginning the process, partner with a Rich Dad Coach to achieve your goals.

**Set your tomorrow in motion today with Rich Dad Coaching.**



## Knowledge Is the New Money

The path to wealth is the knowledge learned along the way. Join the thousands who have studied the art and science of investing with Robert and Kim Kiyosaki's trainers and advisors.

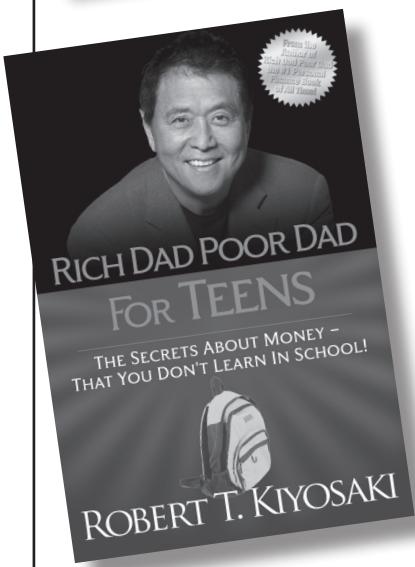
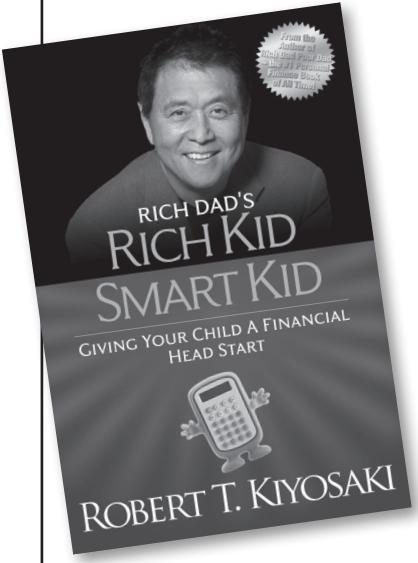
- Learn in a hands-on environment and accelerate your learning curve
- Maximize your potential by learning from those who practice what they preach
- Gain exclusive access to top-tier experts

**Begin your training with a free preview in a town near you. Or, participate in advanced classes in the investment category of your choice.**



Visit [richdad.com](http://richdad.com) for more information on coaching opportunities and education classes near you.

# Start Your Child Off on the Right Financial Footing



When was the last time your child came home from school talking about what they learned about money? Chances are that your answer is never.

**Rich Dad's Rich Kid Smart Kid** and **Rich Dad Poor Dad for Teens** introduce parents and teens to the financial world, filling the gap in their education, giving them the right context in which to view money, and placing them on the right financial footing for a secure future. They will learn:

- How money works
- The difference between assets and liabilities
- To think like an entrepreneur
- How to make wise financial choices
- How to jump-start their financial success

Take the first step to ensure your child has a secure financial future with **Rich Dad's Rich Kid Smart Kid** and **Rich Dad Poor Dad for Teens**.

If you are concerned about your child's financial future, you can't afford to pass over these essential books!

Visit [richdad.com](http://richdad.com) and order your copy today!

# Bring Out the Rich Woman in You

Let's face it. When it comes to money, men and women are different. There are unique issues that women face when it comes to money and investing. And now there is a book on money uniquely for women.

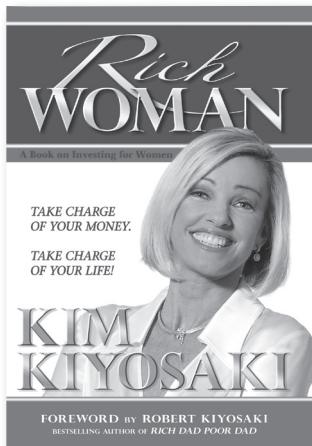
Now is the time for women to get smarter with their money. Kim Kiyosaki's passion is to educate and encourage women to create financial security and peace of mind. That's why she wrote *Rich Woman*.

- Stop losing sleep over money.
- Take control of your financial future.
- Forget about looking for a rich Prince Charming.
- Demand true independence.

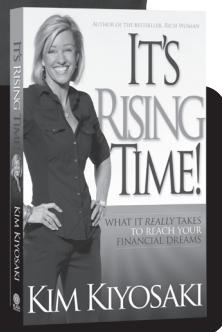
**Start your journey to financial independence today.**

*"This book is a must-read for all women. Today, more than ever, women need to be financially savvy."*

— Donald Trump



***It's Rising Time!***  
A new title, now available, from Kim.



Get your copy of *Rich Woman* today!

Order at [richwoman.com](http://richwoman.com)

# Play **CASHFLOW®** for Kids



Teach your kids financial lessons they'll keep for a lifetime!



Kim and Robert Kiyosaki  
Investors, Entrepreneurs, Educators,  
and Authors

## Jump-start the financial education of your entire family!

Leading researchers say that we only retain 10% of what we read, but 90% of what we experience. The *CASHFLOW for Kids* game was created by Robert and Kim Kiyosaki, best-selling authors of *Rich Dad Poor Dad* and *Rich Woman*, to teach kids valuable financial lessons in a fun, experiential way.

*CASHFLOW for Kids* teaches you the difference between an asset and a liability and the principal of cash flow versus capital gains. Kids get to practice real-world investing scenarios with play money.

Play *CASHFLOW for Kids* at home with your kids and friends today!

RICH  DAD®

# Get Connected to the Rich Dad Global Community! Join for FREE!



You can expand your world and network in one single step. Join the Rich Dad Community FREE at [www.richdad.com](http://www.richdad.com) and globally expand your access to Robert, Kim and the Rich Dad Advisors. Connect, collaborate and play games with like-minded people who are committed to increasing their financial IQ—just like you!

## Just for registering, you will enjoy

- Inspiring discussion forums
- Listening to live web chats with Robert and Kim
- Exchanging ideas and information with others
- Challenging game play with others all around the world
- Learning first-hand about new releases from Robert and Kim



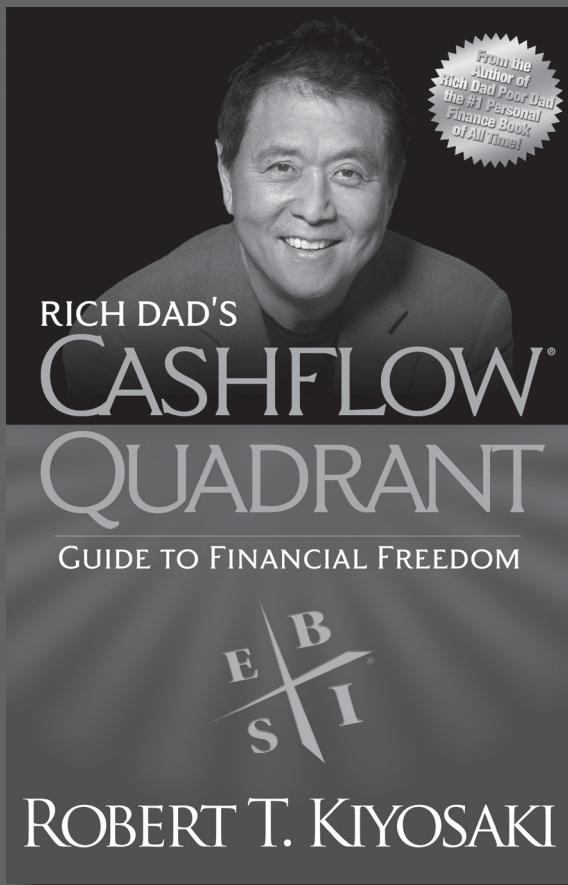
Visit [www.facebook.com/  
RobertKiyosaki](https://www.facebook.com/RobertKiyosaki)  
for what's on Robert's mind.

Rich Dad is committed to communicating with you through social media channels. Follow the inspiration threads on Twitter, connect and participate in Rich Dad Facebook commentary and enjoy the benefits of the financially literate!

Visit [richdad.com](http://richdad.com) today and join the FREE  
Rich Dad Community!



*Bonus*  
BOOK EXCERPT





RICH DAD'S

# CASHFLOW<sup>®</sup>

# QUADRANT

---

**GUIDE TO FINANCIAL FREEDOM**  
**BY ROBERT T. KIYOSAKI**

---





## ***Editor's Note***

### ***The Times They Are A-Changin'***

There have been many changes in our economy and the investing landscape since *Rich Dad Poor Dad* was first published in 1997. Fourteen years ago, Robert Kiyosaki challenged conventional wisdom with his bold statement that “your house is not an asset.” His contrarian views on money and investing were met with skepticism, criticism, and outrage.

In 2002, Robert’s book, *Rich Dad’s Prophecy*, advised that we prepare for an upcoming financial market crash. In 2006, Robert joined forces with Donald Trump to write *Why We Want You To Be Rich*, a book inspired by their concern for the shrinking middle class in America.

Robert continues to be a passionate advocate for the importance and power of financial education. Today, in the wake of the subprime fiasco, record home foreclosures, and a global economic meltdown that is still raging, his words seem not only prophetic, but enlightened. Many skeptics have become believers.

In preparing the 2011 edition of *Rich Dad’s CASHFLOW Quadrant*, Robert realized two things: that his message and teachings have withstood the test of time, and that the investment landscape, the world in which investors operate, has changed dramatically. These changes have affected, and will continue to affect, those in the I (Investor) quadrant and have fueled Robert’s decision to update an important section in this book—Chapter Five: The Five Levels of Investors.



# CONTENTS

---

## INTRODUCTION

Which Quadrant Are You In? .....	1
----------------------------------	---

## PART ONE

### THE CASHFLOW QUADRANT

<i>Chapter One</i>	Why Don't You Get a Job?.....	11
<i>Chapter Two</i>	Different Quadrants, Different People .....	23
<i>Chapter Three</i>	Why People Choose Security over Freedom .....	57
<i>Chapter Four</i>	The Three Kinds of Business Systems.....	81
<i>Chapter Five</i>	The Five Levels of Investors .....	95
<i>Chapter Six</i>	You Cannot See Money with Your Eyes .....	119

## PART TWO

### BRINGING OUT THE BEST IN YOU

<i>Chapter Seven</i>	Becoming Who You Are .....	149
<i>Chapter Eight</i>	How Do I Get Rich?.....	165
<i>Chapter Nine</i>	Be the Bank, Not the Banker .....	187

## PART THREE

### HOW TO BECOME A SUCCESSFUL B AND I

<i>Chapter Ten</i>	Take Baby Steps .....	217
--------------------	-----------------------	-----

### THE SEVEN STEPS TO FINDING YOUR FINANCIAL FAST TRACK

<i>Chapter Eleven</i>	Step 1: It's Time to Mind Your Own Business.....	233
<i>Chapter Twelve</i>	Step 2: Take Control of Your Cash Flow .....	239
<i>Chapter Thirteen</i>	Step 3: Know the Difference Between Risk and Risky.....	247
<i>Chapter Fourteen</i>	Step 4: Decide What Kind of Investor You Want to Be.....	251
<i>Chapter Fifteen</i>	Step 5: Seek Mentors .....	259
<i>Chapter Sixteen</i>	Step 6: Make Disappointment Your Strength.....	269
<i>Chapter Seventeen</i>	Step 7: The Power of Faith .....	275
<i>Chapter Eighteen</i>	In Summary.....	281



# WHAT IS YOUR LIFE'S GOAL?

“What do you want to be when you grow up?” That is a question most of us have been asked.

I had many interests as a kid, and it was easy to choose. If it sounded exciting and glamorous, I wanted to do it. I wanted to be a marine biologist, an astronaut, a Marine, a ship’s officer, a pilot, and a professional football player.

I was fortunate enough to achieve three of those goals: a Marine Corps officer, a ship’s officer, and a pilot.

I knew I did not want to become a teacher, a writer, or an accountant. I did not want to be a teacher because I did not like school. I did not want to be a writer because I failed English twice. And I dropped out of my MBA program because I could not stand accounting.

Ironically, now that I have grown up, I have become everything I never wanted to become. Although I disliked school, today I own an education company. I personally teach around the world because I love teaching. Although I failed English twice because I could not write, today I am best known as an author. My book, *Rich Dad Poor Dad*, was on the *New York Times* best-sellers list for over seven years and is one of the top three best-selling books in the United States. The only books ahead of it are *The Joy of Sex* and *The Road Less Traveled*. Adding one more irony, *Rich Dad Poor Dad* and my *CASHFLOW®* board game are a book and a game about accounting, another subject I struggled with.

So what does this have to do with the question: “What is your goal in life?”

The answer is found in the simple, yet profound, statement by a Vietnamese monk, Thich Naht Hahn: “The path is the goal.” In other words, finding your path in life is your goal in life. Your path is not your profession, how much money you make, your title, or your successes and failures.

Finding your path means finding out what you were put here on this earth to do. What is your life’s purpose? Why were you given this gift called life? And what is the gift you give back to life?

Looking back, I know going to school was not about finding my life’s path. I spent four years in military school, studying and training to be a ship’s officer. If I had made a career sailing for Standard Oil on their oil tankers, I would never have found my life’s path. If I had stayed in the Marines or had gone to fly for the airlines, I would never have found my life’s path.

Had I continued on as a ship’s officer or become an airline pilot, I would never have become an international best-selling author, been a guest on the *Oprah* show, written a book with Donald Trump, or started an international education company that teaches entrepreneurship and investing throughout the world.

## ***Finding Your Path***

This *CASHFLOW Quadrant* book is important because it is about finding your path in life. As you know, most people are programmed early in life to “Go to school and get a job.” School is about finding a job in the E or S quadrant. It is not about finding your life’s path.

I realize there are people who know exactly what they are going to do early in life. They grow up knowing they are going to be a doctor, lawyer, musician, golfer or actor. We have all heard about child prodigies, kids with exceptional talents. Yet you may notice, these are professions, not necessarily a life’s path.

## ***So How Does One Find Their Path in Life?***

My answer is: I wish I knew. If I could wave my magic wand and your life's path would magically appear, I would.

Since I do not have a magic wand nor can I tell you what to do, the best thing I can do is tell you what I did. And what I did was trust my intuition, my heart, and my guts. For example, in 1973, returning from the war, when my poor dad suggested I go back to school, get my higher degrees, and work for the government, my brain went numb, my heart went heavy and my gut said, "No way."

When he suggested I get my old job back with Standard Oil or fly for the airlines, again my mind, heart, and gut said no. I knew I was through sailing and flying, although they were great professions and the pay was pretty good.

In 1973 at the age of 26, I was growing up. I had followed my parent's advice and gone to school, received my college degree, and had two professions: a license to be a ship's officer and a license to fly. The problem was, they were professions and the dreams of a child.

At the age of 26, I was old enough to know that education is a process. For example, when I wanted to be a ship's officer, I went to a school that turned out ships' officers. And when I wanted to learn to fly, I went to Navy flight school, a two-year process that turns non-pilots into pilots. I was cautious about my next educational process. I wanted to know what I was going to become before I started my next educational process.

Traditional schools had been good to me. I had achieved my childhood professions. Reaching adulthood was confusing because there were no signs saying, "This is the way." I knew what I *didn't* want to do, but I did not know what I *wanted* to do.

It would have been simple if all I wanted was a new profession. If I had wanted to be a medical doctor, I would have gone to medical school. If I had wanted to be a lawyer, I would have gone to law school. But I knew there was more to life than just going to school to gain another professional credential.

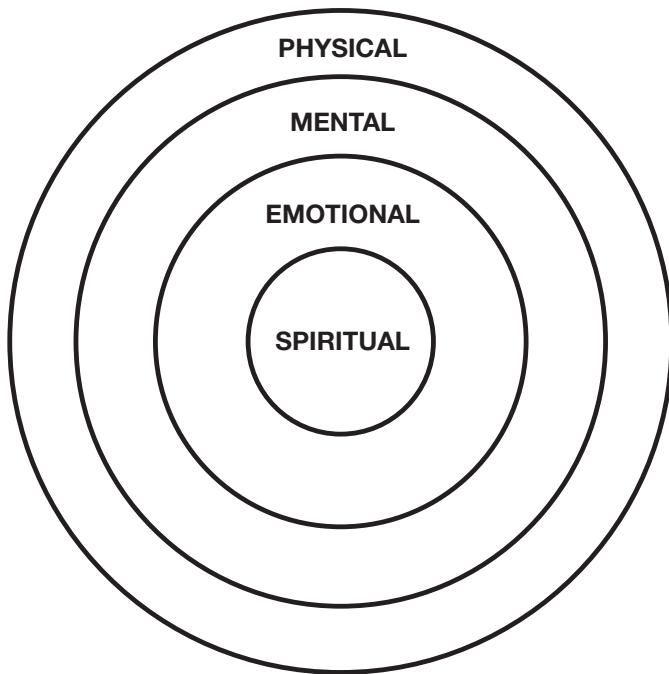
I did not realize it at the time, but at 26 years of age, I was now looking for my path in life, not my next profession.

## ***A Different Education***

In 1973, in my last year of active duty flying for the Marine Corps when I was stationed near home in Hawaii, I knew I wanted to follow in my rich dad's footsteps. While in the Marines, I signed up for real estate courses and business courses on the weekends, preparing to become an entrepreneur in the B and I quadrants.

At the same time, upon a friend's recommendation of a friend, I signed up for a personal-development course, hoping to find out who I really was. A personal-development course is non-traditional education because I was not taking it for credits or grades. I did not know what I was going to learn, as I did when I signed up for real estate courses. All I knew was that it was time to take courses to find out about me.

In my first weekend course, the instructor drew this simple diagram on the flip chart:



With the diagram complete, the instructor turned and said, “To develop into a whole human being, we need mental, physical, emotional, and spiritual education.”

Listening to her explanation, it was clear to me that traditional schools were primarily about developing students mentally. That is why so many students who do well in school, do not do well in real life, especially in the world of money.

As the course progressed over the weekend, I discovered why I disliked school. I realized that I loved learning, but hated school.

Traditional education was a great environment for the “A” students, but it was not the environment for me. Traditional education was crushing my spirit, trying to motivate me with the emotion of fear: the fear of making mistakes, the fear of failing, and the fear of not getting a job. They were programming me to be an employee in the E or S quadrant. I realized that traditional education is not the place for a person who wants to be an entrepreneur in the B and I quadrants.

This may be why so many entrepreneurs never finish school—entrepreneurs like Thomas Edison, founder of General Electric; Henry Ford, founder of Ford Motor Company; Steve Jobs, founder of Apple; Bill Gates, founder of Microsoft; Walt Disney, founder of Disneyland; and Mark Zuckerberg, founder of Facebook.

As the day went on and the instructor went deeper and deeper into these four types of personal development, I realized I had spent most of my life in very harsh educational environments. After four years at an all-male military academy and five years as a Marine pilot, I was pretty strong mentally and physically. As a Marine pilot, I was strong emotionally and spiritually, but all on the macho-male development side. I had no gentle side, no female energy. After all, I was trained to be Marine Corps officer, emotionally calm under pressure, prepared to kill, and spiritually prepared to die for my country.

If you ever saw the movie *Top Gun* starring Tom Cruise, you get a glimpse into the masculine world and bravado of military pilots. I loved that world. I was good in that world. It was a modern-day world of knights and warriors. It was not a world for wimps.

In the seminar, I went into my emotions and briefly touched my spirit. I cried a lot because I had a lot to cry about. I had done and seen things no one should ever be asked to do. During the seminar, I hugged a man, something I had never done before, not even with my father.

On Sunday night, it was difficult leaving this self-development workshop. The seminar had been a gentle, loving, honest environment. Monday morning was a shock to once again be surrounded by young egotistical pilots, dedicated to flying, killing and dying for country.

After that weekend seminar, I knew it was time to change. I knew developing myself emotionally and spiritually to become a kinder, gentler, and more compassionate person would be the hardest thing I could do. It went against all my years at the military academy and flight school.

I never returned to traditional education again. I had no desire to study for grades, degrees, promotions, or credentials again. From then on, if I did attend a course or school, I went to learn, to become a better person. I was no longer in the paper chase of grades, degrees, and credentials.

Growing up in a family of teachers, your grades, the high school and college you graduated from, and your advanced degrees were everything. Like the medals and ribbons on a Marine pilot's chest, advanced degrees and brand-name schools were the status and the stripes that educators wore on their sleeves. In their minds, people who did not finish high school were the unwashed, the lost souls of life. Those with master's degrees looked down on those with only bachelor degrees. Those with a PhD were held in reverence. At the age of 26, I knew I would never return to that world.

---

*Editor's Note: In 2009, Robert received an honorary PhD in entrepreneurship from prestigious San Ignacio de Loyola in Lima, Peru. The few other recipients of this award are political leaders, such as the former President of Spain.*

---

## **Finding My Path**

I know some of you are now asking: Why is he spending so much time talking about non-traditional education courses?

The reason is, that first personal-development seminar rekindled my love of learning, but not the type of learning that is taught in school. Once that seminar was over, I became a seminar junkie, going from seminar to seminar, finding out more about the connection between *my body, my mind, my emotions, and my spirit.*

The more I studied, the more curious about traditional education I became. I began to ask questions such as:

- Why do so many kids hate school?
- Why do so few kids like school?
- Why are many highly educated people not successful in the real world?
- Does school prepare you for the real world?
- Why did I hate school but love learning?
- Why are most schoolteachers poor?
- Why do schools teach us little about money?

Those questions led me to become a student of education outside the hallowed walls of the school system. The more I studied, the more I understood why I did not like school and why schools failed to serve most of its students, even the “A” students.

My curiosity touched my spirit, and I became an entrepreneur in education. If not for this curiosity, I might never have become an author and a developer of financial-education games. My spiritual education led me to my path in life.

It seems that our paths in life are not found in our minds. Our path in life is to find out what is in our hearts.

This does not mean a person cannot find their path in traditional education. I am sure many do. I am just saying that I doubt I would have found my path in traditional school.

## ***Why Is a Path Important?***

We all know people who make a lot of money, but hate their work. We also know people who do not make a lot of money and hate their work. And we all know people who just work for money.

A classmate of mine from the Merchant Marine Academy also realized he did not want to spend his life at sea. Rather than sail for the rest of his life, he went to law school after graduation, spending three more years becoming a lawyer and entering private practice in the S quadrant.

He died in his early fifties. He had become a very successful, unhappy lawyer. Like me, he had two professions by the time he was 26. Although he hated being a lawyer, he continued being a lawyer because he had a family, kids, a mortgage, and bills to pay.

A year before he died, I met him at a class reunion in New York. He was a bitter man. “All I do is sweep up behind rich guys like you. They pay me nothing. I hate what I do and who I work for.”

“Why don’t you do something else?” I asked.

“I can’t afford to stop working. My first child is entering college.”

He died of a heart attack before she graduated.

He made a lot of money via his professional training, but he was emotionally angry, spiritually dead, and soon his body followed.

I realize this is an extreme example. Most people do not hate what they do as much as my friend did. Yet it illustrates the problem when a person is trapped in a profession and unable to find their path.

To me, this is the shortcoming of traditional education. Millions of people leave school, only to be trapped in jobs they do not like. They know something is missing in life. Many people are also trapped financially, earning just enough to survive, wanting to earn more but not knowing what to do.

Without awareness of the other quadrants, many people go back to school and look for new professions or pay raises in the E or S quadrant, unaware of the world of the B and I quadrants.

## ***My Reason for Becoming a Teacher***

My primary reason for becoming a teacher in the B quadrant was a desire to provide financial education. I wanted to make this education available to anyone who wanted to learn, regardless of how much money they had or what their grade-point averages were. That is why The Rich Dad Company started with the *CASHFLOW* game. This game can teach in places I could never go. The beauty of the game is that it was designed to have people teach people. There is no need for an expensive teacher or classroom. The *CASHFLOW* game is now translated into over sixteen languages, reaching millions of people all over the world.

Today, The Rich Dad Company offers financial-education courses as well as the services of coaches and mentors to support a person's financial education. Our programs are especially important for anyone wanting to evolve out of the E and S quadrants into the B and I quadrants.

There is no guarantee that everyone will make it to the B and I quadrants, yet they will know how to access those quadrants if they want to.

## ***Change Is Not Easy***

For me, changing quadrants was not easy. It was hard work mentally, but more so emotionally and spiritually. Growing up in a family of highly educated employees in the E quadrant, I carried their values of education, job security, benefits, and a government pension. In many ways, my family values made my transition difficult. I had to shut out their warnings, concerns, and criticisms about becoming an entrepreneur and investor. Some of their values I had to discount were:

- “But you have to have a job.”
- “You’re taking too many risks.”
- “What if you fail?”
- “Just go back to school and get your masters degree.”
- “Become a doctor. They make a lot of money.”
- “The rich are greedy.”

- “Why is money so important to you?”
- “Money won’t make you happy.”
- “Just live below your means.”
- “Play it safe. Don’t go for your dreams.”

## ***Diet and Exercise***

I mention emotional and spiritual development because that is what it takes to make a permanent change in life. For example, it rarely works to tell an overweight person, “Just eat less and exercise more.” Diet and exercise may make sense mentally, but most people who are overweight do not eat because they are hungry. They eat to feed an emptiness in their emotions and their soul. When a person goes on a diet-and-exercise program, they are only working on their mind and their body. Without emotional development and spiritual strength, the overweight person may go on a diet for six months and lose a ton of weight, only to put even more weight back on later.

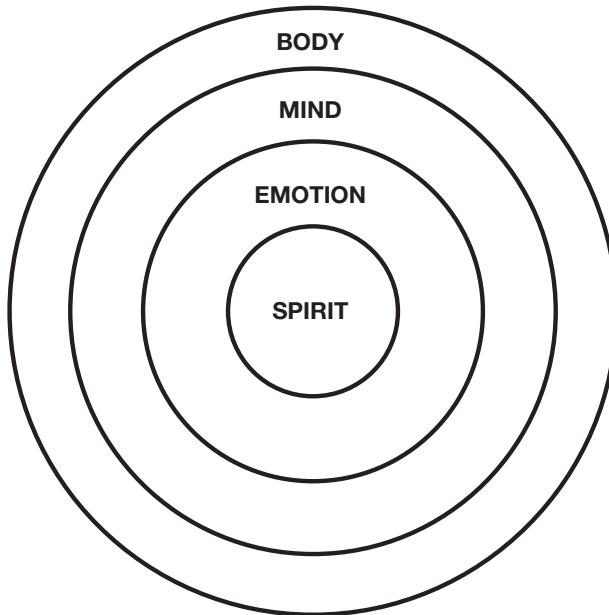
The same is true for changing quadrants. Saying to yourself, “I’m going to become an entrepreneur in the B quadrant,” is as futile as a chain smoker saying, “Tomorrow I’m going to quit smoking.” Smoking is a physical addiction caused by emotional and spiritual challenges. Without emotional and spiritual support, the smoker will always be a smoker. The same is true for an alcoholic, a sex addict, or a chronic shopper. Most addictions are attempts to find happiness in people’s souls.

This is why my company offers courses for the mind and body, but also coaches and mentors to support the emotional and spiritual transitions.

A few people are able to make the journey alone, but I was not one of them. If not for a coach like my rich dad and the support of my wife Kim, I would not have made it. There were so many times I wanted to quit and give up. If not for Kim and my rich dad, I would have quit.

## ***Why “A” Students Fail***

Looking at the diagram again, it is easy to see why so many “A” students fail in the world of money.



A person may be highly educated mentally, but if they are not educated emotionally, their fear will often stop their body from doing what it must do. That is why so many “A” students get stuck in “analysis paralysis,” studying every little detail, but failing to do anything.

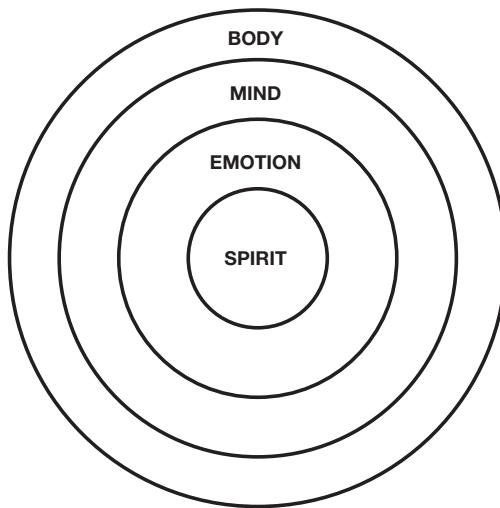
This “analysis paralysis” is caused by our educational system punishing students for making mistakes. If you think about it, “A” students are “A” students simply because they made the fewest mistakes. The problem with that emotional psychosis is that, in the real world, people who take action are the ones who make the most mistakes and learn from them to win in the game of life.

Just look at Presidents Clinton and Bush. Clinton could not admit he had sex and Bush could not recall any mistakes he made during his presidency. Making mistakes is human, but lying about your mistakes is criminal, a criminal act known as perjury.

When criticized for making 1,014 mistakes before creating the electric light bulb, Thomas Edison said, “I did not fail 1,014 times. I successfully found out what did not work 1,014 times.”

In other words, the reason so many people fail to achieve success is because they fail to fail enough times.

Looking at the diagram again,



one of the reasons so many people cling to job security is because they lack emotional education. They let fear stop them.

One of the best things about military school and the Marine Corps is that these organizations spend a lot of time developing young men and women spiritually, emotionally, mentally, and physically. Although it was a tough education, it was a complete education, preparing us to do a nasty job.

The reason I created the *CASHFLOW* game is because the game educates the whole person. The game is a better teaching tool than reading or lecture, simply because the game involves the body, mind, emotions, and spirit of the player.

The game is designed for players to make as many mistakes as possible with play money, and then learn from those mistakes. To me, this is a more humane way to learn about money.

## ***The Path Is the Goal***

Today, there are thousands of CASHFLOW clubs all over the world. One reason why CASHFLOW clubs are important is because they are a shelter from the storm, a way station on the path of life. By joining a CASHFLOW club, you get to meet people like you, people who are committed to making changes, not just talking about change.

Unlike school, there is not a requirement of past academic success. All that is asked is a sincere desire to learn and make changes. In the game, you will make a lot of mistakes in different financial situations and will learn from your mistakes, using play money.

CASHFLOW clubs are not for those who want to get rich quick. CASHFLOW clubs are there to support the long-term mental, emotional, spiritual, physical, and financial changes a person needs to go through. We all change and evolve at different rates of speed so you are encouraged to go at your own speed.

After playing the game with others a few times, you will have a better idea of what your next step should be and which of the four asset classes (business, real estate, paper assets, or commodities) is best for you.

## ***In Conclusion***

Finding one's path is not necessarily easy. Even today, I do not really know if I am on my path or not. As you know, we all get lost at times, and it is not always easy to find our way back.

If you feel you are not in the right quadrant for you, or you are not on your life's path, I encourage you to search your heart and find your path in life. You may know it is time to change if you are saying things like the following statements:

- “I’m working with dead people.”
- “I love what I do, but I wish I could make more money.”
- “I can’t wait for the weekend.”
- “I want to do my own thing.”
- “Is it quitting time yet?”

My sister is a Buddhist nun. Her path is to support the Dalai Lama, a path that pays nothing. Yet, although she earns little, it does not mean she has to be a poor nun. She has her own rental property and investments in gold and silver. Her strength of spirit and her financially educated mind allow her to follow her life's path without taking a vow of poverty.

In many ways, it was a good thing I was labeled stupid in school. Although emotionally painful, that pain allowed me to find my life's path as a teacher. And like my sister, the nun, just because I am a teacher does not mean I have to be a poor teacher.

Repeating what Thich Naht Hahn said: "The path is the goal."

## Introduction

# WHICH QUADRANT ARE YOU IN?

---

*The CASHFLOW Quadrant®  
is a way to categorize people  
based on where their money comes from.*

---

Are you financially free? If your life has come to a financial fork in the road, *Rich Dad's CASHFLOW Quadrant* was written for you. If you want to take control of what you do today in order to change your financial destiny, this book will help you chart your course.

This 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*

Each of us resides in at least one of the four sections (quadrants) of the CASHFLOW Quadrant. Where we are is determined by where our cash comes from. Many of us are employees who rely on paychecks, while others are self-employed. Employees and self-employed individuals reside on the left side of the CASHFLOW Quadrant. The right side is for individuals who receive their cash from businesses they own or investments they own.

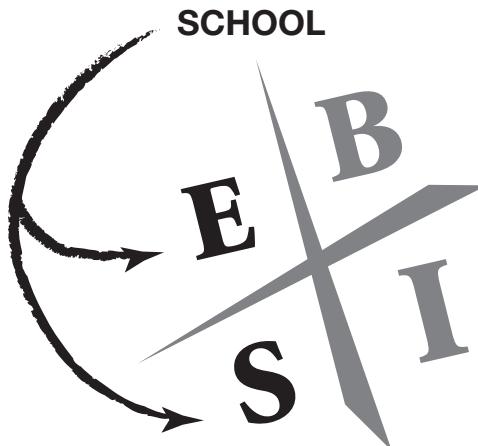
The CASHFLOW Quadrant is an easy way to categorize people based on where their money comes from. Each quadrant within the CASHFLOW Quadrant is unique, and the people within each one share common characteristics. The quadrants will show you where you are today and will help you chart a course for where you want to be in the future as you choose your own path to financial freedom. While financial freedom can be found in all four of the quadrants, the skills of a B or I will help you reach your financial goals more quickly. Successful E's need to become successful I's to ensure their financial security during retirement.

### ***What Do You Want to Be When You Grow Up?***

This book is, in many ways, Part II of my book, *Rich Dad Poor Dad*. For those of you who may not have read *Rich Dad Poor Dad*, it is about the different lessons my two dads taught me about money and life choices. One was my real dad, and the other was my best friend's dad. One was highly educated and the other was a high school dropout. One was poor, and the other was rich.

## **Poor Dad's Advice**

Growing up, my highly educated, but poor, dad always said, "Go to school, get good grades, and find a safe secure job." He was recommending a life path that looked like this:



Poor dad recommended that I become either a well-paid E, employee, or a well-paid S, self-employed professional, such as a medical doctor, lawyer, or accountant. My poor dad was very concerned about a steady paycheck, benefits, and job security. That's why he was a well-paid government official, the head of education for the State of Hawaii.

## ***Rich Dad's Advice***

My uneducated, but rich, dad offered very different advice. He said, “Go to school, graduate, build businesses, and become a successful investor.” He was recommending a life path that looked like this:



This book is about the mental, emotional, and educational process I went through in following my rich dad's advice.

## ***Who Is This Book For?***

This book is written for people who are ready to change quadrants, especially for individuals who are currently in the E and S categories and are contemplating moving to the B or I category. This book is for people who are ready to move beyond job security and begin to achieve financial security. It's not an easy life path, but the prize at the end of the road, financial freedom, is worth the journey.

When I was 12 years old, rich dad told me a simple story that guided me to great wealth and financial freedom. It was his way of explaining the difference between the left side of the CASHFLOW Quadrant, the E and S quadrants, and the right side, or the B and I quadrants. The story goes like this:

“Once upon a time there was this quaint little village. It was a great place to live except for one problem. The village had no water unless it rained. To solve this problem once and for all, the village elders asked contractors to submit bids to deliver water to the village on a daily basis. Two people volunteered to take on the task, and the elders awarded the contract to both of them. They felt that a little competition would keep prices low and ensure a backup supply of water.

“The first person who won the contract, Ed, immediately ran out, bought two galvanized steel buckets and began running back and forth to the lake which was a mile away. He immediately began making money as he labored morning to dusk, hauling water from the lake with his two buckets. He would empty them into the large concrete holding tank the village had built. Each morning he had to get up before the rest of the village awoke to make sure there was enough water for the people. It was hard work, but he was very happy to be making money and for having one of the two exclusive contracts for this business.

“The second winning contractor, Bill, disappeared for a while. He wasn’t seen for months, which made Ed very happy, since he had no competition.

“Instead of buying two buckets to compete with Ed, Bill wrote a business plan, created a corporation, found four investors, employed a president to do the work, and returned six months later with a construction crew. Within a year, his team had built a large-volume stainless-steel pipeline which connected the village to the lake.

“At the grand-opening celebration, Bill announced that his water was cleaner than Ed’s water. Bill knew that the villagers had complained about the water’s lack of cleanliness. Bill also announced that he could supply the village with water 24 hours a day, 7 days a week. Ed could only deliver water on weekdays because he didn’t want to work on weekends. Then Bill announced that he would charge 75 percent less than Ed did for this higher-quality, more-reliable water. The villagers cheered and immediately ran for the faucet at the end of Bill’s pipeline.

“In order to compete, Ed immediately lowered his rates by 75 percent, bought two more buckets, added covers to his buckets and began hauling four buckets each trip. In order to provide better service, he hired his two sons to give him a hand on the night shift and on weekends. When his boys went off to college, he said to them, ‘Hurry back because someday this business will belong to you.’

“For some reason, his two sons never returned. Eventually, Ed had employees and union problems. The union demanded higher wages and better benefits and wanted its members to only haul one bucket at a time.

“Meanwhile, Bill realized that if this village needed water, then other villages must need water too. He rewrote his business plan and went off to sell his high-speed, high-volume, low-cost, clean-water delivery system to villages throughout the world. He only makes a penny per bucket of water delivered, but he delivers billions of buckets of water every day. Whether he works or not, billions of people consume billions of buckets of water, and all that money pours into his bank account. Bill developed a pipeline to deliver money to himself, as well as water to the villages.

“Bill lived happily ever after. Ed worked hard for the rest of his life and had financial problems forever after. The end.”

That story about Bill and Ed has guided me for years. It has assisted me in my life’s decision-making process. I often ask myself:

“Am I building a pipeline or hauling buckets?”

“Am I working hard, or am I working smart?”

And the answers to those questions have made me financially free.

That is what this book is about. It’s about what it takes to become a B and an I. It’s for people who are tired of hauling buckets and are ready to build pipelines for cash to flow into their pockets.

## ***This Book Is Divided into Three Parts***

**Part One** The first part of this book focuses on the core differences between people in the four quadrants. It shows why certain people gravitate to certain quadrants and often get stuck there without realizing it. It will help you identify where you are today in the quadrant and where you want to be in five years.

**Part Two** The second part of this book is about personal change. It's more about who you have to be, instead of what you have to do.

**Part Three** The third part of this book explains how to find success on the right side of the CASHFLOW Quadrant. I will share more of my rich dad's secrets on the skills required to be a successful B and I. It will help you choose your own path to financial freedom.

Throughout *Rich Dad's CASHFLOW Quadrant*, I continue to stress the importance of financial intelligence. If you want to operate on the right side, the B- and I-quadrant side, you must be smarter than if you choose to stay on the left side, the E- and S-quadrant side. To be a B or I, you must be able to control the direction of your cash flow.

This book is written for people who are ready to make changes in their lives to move beyond job security and begin to build their own pipelines to achieve financial freedom.

We are in the Information Age which offers more opportunities for financial reward than ever before. Individuals with the skills of the B's and I's will be able to identify and seize those opportunities. To be successful in the Information Age, a person needs information from all four quadrants. Unfortunately, our schools are still in the Industrial Age and still prepare students for only the left side of the CASHFLOW Quadrant.

If you're looking for new answers to move forward in the Information Age, this book is for you. It doesn't have all the answers, but it will share the deep personal and guiding insights I gained as I traveled from the E and S side to the B and I side.

# *My Environment...*

*The six adults I spend the most time with are:*

Name \_\_\_\_\_ Quadrant \_\_\_\_\_



*Notes:*

*Notes:*

*Notes:*

*Notes:*

*Notes:*

*Notes:*