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Convert Pay into Assets or Income Streams



Video shoot with my wife Crystal. Creating an additional revenue stream from an automated garage door closer.

Most people work an honest day living for an honest day's pay. That is great and very honorable, but it has one huge inherited flaw. You have to go to work the next day! What if you are sick? What if you need to help a family member? What if your kids are a higher priority than work? What if.....blank?

I love working and I suspect I will work forever because I enjoy it that much, but you might not. When I was younger, I viewed getting paid as an event to go buy a nice dinner, car, home, etc. There is nothing wrong with that thinking, but it won't build wealth at all or it will take an extremely long time. I have long ago changed my thinking from how much my W2 says to how much my Personal Financial Statement states. My great friend Pat Nolan corrected me about 20 years ago. He said, "Tim, it's not what you make every year, it's how much your net worth increases and how many revenue streams you create that year that will increase net worth in the future."

I suggest you do a financial statement. When you go to a traditional bank for a business loan that will be the first thing they ask you for. It will be a sobering experience the first time you do one! You will realize that the car you have that is worth less than you owe isn't an asset. Your home that you are so proud of is really a liability more than it's an asset. It's a liability because YOU have to pay for it! Before the real estate collapse, people thought their home was an asset, but when you can't sell it for what you THINK it's worth and you have to still make the payments you realize it's a liability. I'm not saying your home can't be of value or a way to enjoy life and build equity. It can. The challenge is that you are paying for it, not someone else like a renter.

I joke that my personal home is my favorite and least favorite. It's my favorite because I love living there, but least favorite because I have to pay all of the mortgage. How do I convert my pay into income streams? My favorite, as you can tell by now, is real estate. I have covered that in the chapters before, but next would be a small business that hopefully grows up to be a big business.

Garrett, who's about to be 14, is full of inventions and ideas and why I love starting something new. I prefer to sell something existing. When the “GMAN” comes up with an invention I walk him through all the money that must be spent, e.g., patents, mold charges, websites, inventory, etc., then I go back to let's find something that costs \$1 and sells for \$3. I walk him through that process. You pull \$1,000 out of savings, buy inventory, sell it for \$3, 000, make \$2,000; now buy \$3,000 inventory and sell for \$9,000, etc. Sounds easy, but it's not. The barrier to entry is easier than inventing something you hope not already in existence. At least this way if you fail you lose \$1K instead of dumping tens or hundreds of thousands before you can possibly make your first dollars back.

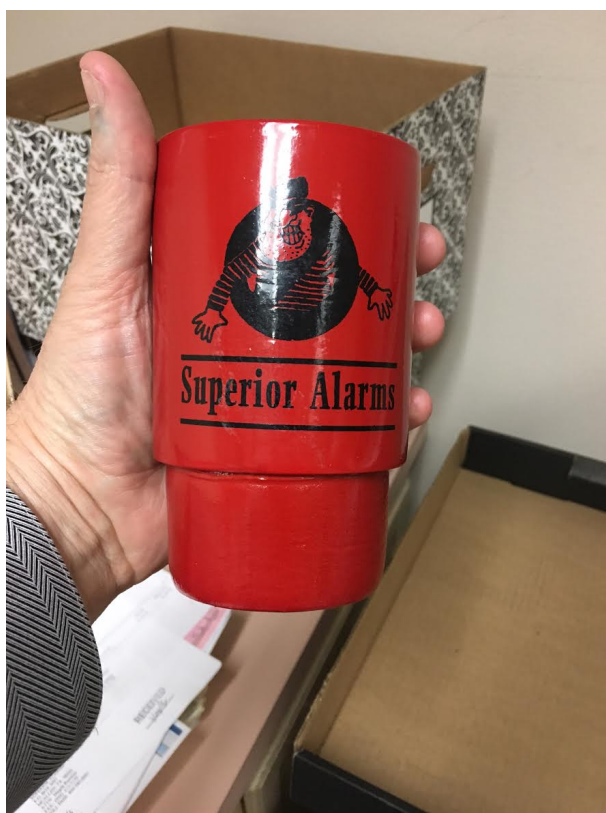
This is a great example of creating an income stream—the thought of buying something for a dollar and selling it for three. It's a lot easier to find opportunity and it's easier to get started on the road to an additional revenue stream. With that income stream, you now start using that money for things you are currently paying for with after-tax dollars like cars, gas, business trips, meals, etc.

When I first started the Cart Cooly business, I was amazed at how much better my life got by making money off the koozies I was selling. It wasn't the profit that I was pocketing; it was the lifestyle I was paying for with that profit. I had a steady job selling glass break detectors that connected to security systems with Intellisense. Always Top 1 or 2 salesman (Bruce Barlow beat me on occasions. Love you Bruce!) while creating a nice revenue stream selling Cart Coolies. I believe that my performance at Intellisense was better when I had the Cart Cooly business because I had a pep in my step! I wanted to travel more because it was an opportunity to sell both Cart Coolies and glass breaks, but my day job at Intellisense paid for my trips to Austin, where my biggest Cart Cooly buyer was Golfsmith.

My life changed when I created my first active revenue stream; the Cart Cooly. I say active revenue stream because it's a business. I view investment property as passive because while you have to work at it, much less work than a side business. I just

realized history repeating itself. At this writing, I have just landed in San Antonio. I am going to rent a car to drive to Del Rio to be a broker (sell an alarm company for a commission) and also tour a calendar manufacturer that will be a new supplier of an additional long-term revenue stream WWW.FREETOSCHOOL.COM. Today, I'm taking care of daily business while setting up a long-term revenue stream. This is such a natural process for me that I forget I am doing it. Just get started, start now and in time it will be natural for you, too!

Google Free personal financial statement, won't take long to fill out, but it will change your life. Garrett did his first one on his 13th birthday. He's worth \$56K! We will do one on his birthday from here on out!



The Cart Cooly, invented in 1992.