

Rich Dad

THE
BUSINESS
SCHOOL

SECOND EDITION

**FOR PEOPLE WHO LIKE
HELPING PEOPLE**

By Robert T. Kiyosaki with Sharon L. Lechter, C.P.A.

The Authors of Rich Dad Poor Dad

Dedication

We dedicate this book, *The Business School For People Who Like Helping People*, to the millions of individuals, couples and families who have begun their journey starting and building their own business through network marketing. As we have dedicated our lives to educating people about how to attain financial freedom, it has been immensely gratifying to associate with an industry that is dedicated to helping people start and build their own businesses. Every day you are educating and sharing your business opportunity with family, friends, neighbours and work associates as well as complete strangers. For this, we honour and thank you. You are seeing firsthand and experiencing the benefits and freedoms of what it is like to have your own business. As our bestselling books *Rich Dad Poor Dad* and *Rich Dad's CASHFLOW Quadrant* explain, once one learns the truths about how money works and the important keys to creating wealth, it is easy to see that having a network marketing business can be "the perfect business" for many people.

Acknowledgements

We were humbled with the tremendous reception the first edition of this book received when it was released in 2001. This pales in comparison, however, to the acceptance the network marketing industry has given our work since the mid-1990s. As a believer in the Rich Dad message, we wish to thank you, your upline, your downline, your crossline and the company with whom you are associated. We are on a mutual quest to help people take control of their financial lives. Keep learning and teaching. We thank you!

CONTENTS

Why Do I Recommend Network Marketing As a Business?

The following is an example of a type of letter I often receive:

Dear Mr. Kiyosaki,

Hello, hope you are doing well.

My name is Susan and I am writing in regards to my husband, Alan. He has read all your books and has such potential to be a great entrepreneur and businessman. I told him I was going to write you and ask your advice on something. Now personally, I have never read one of your books so I do not know your standing on such topics, but my husband is putting a lot of time into a company called [company name deleted]. They are a pyramid-scheme company that sells vitamins and other health-related products. The person on the top gets you to sell for him, land down the chain it goes. It would not bother me so if I did not feel it was such a waste of his time. Of all his effort to build up someone else's name and company, someone else in the end is going to reap the benefits of his hard work. They sell him on the idea that he is starting his own business, but I do not see his name on the company. How can it be his business if his name is not on the vitamins? On top of that, he's been working at it part-time for over a year and he still has not made much money.

I guess the bottom line is that I think it is a waste of his valuable time, and I would like to see him investing in himself and his own name rather than someone else's. Rather than building a network marketing business, I think he should just start his own company. I also believe the people he is selling for are just using him. Knowing that he has read your books and greatly values your opinion as a businessman, maybe he will listen to your thoughts on the subject because he won't listen to mine. Who knows, maybe I'm wrong. That would be a good thing, as it would put my mind at ease to know.

If you do respond to this letter, I thank you in advance for your time.

Sincerely,

Susan M.

Mr Response

As some of you may know, my office swamped with mail. Unfortunately, I do not have the time to respond to every piece of communication I receive.

I start the book with this letter because Susan's concerns and questions are the same ones I often hear from others. They are valid questions and concerns. In addition, I was impressed with her frankness and her willingness to keep an open mind. In today's rapidly changing world, having an open mind is vitally important.

One of the main reasons I decided to write this book is to address such questions and concerns. Many people want to know why I recommend a network marketing business, especially since I am not affiliated with any one company, nor did I make my money with a network marketing business. Therefore, I wrote this book to express my answer once and for all. As you can see from the number of pages in this book, my answer to the above letter is not a simple right or wrong answer.

Before closing, I do not believe a network marketing business is for everyone. It is my hope that by reading this book, you may better know if a network marketing business is right or wrong for you. If you already have a network marketing business, I believe you will find that this book will reaffirm what you already know... and feel. If you are thinking about starting a network marketing business, I believe you will find out about some of the hidden opportunities and values a network marketing business can offer you – values that many people often fail to see. In other words, there is far more to a network marketing business than just the chance to make some extra money.

I thank you in advance for reading this book and for keeping an open mind.

Sincerely,

Robert T. Kiyosaki

What Makes the Rich Rich?

One day after school, I was working in my rich dad's office. I was about 15 years of age at the time and was very frustrated in school. I wanted to learn to be rich, but instead of studying subjects such as "Money 101" or "How To Become a Millionaire 202," I found myself dissecting frogs in science class and wondering how this dead frog would make me rich. Feeling frustrated with school, I asked my rich dad, "Why don't they teach us about money in school?"

Rich dad smiled, looked up from his paper work and said, "I don't know. I've wondered that myself." He paused for a while and then asked, "Why do you ask?"

"Well," I said slowly, "I'm bored in school. I don't see any relevance between what we are required to study in school and the real world. I just want to learn to be rich. So how is a dead frog going to help me buy a new car? If the teacher would tell me how a dead frog can make me reach, I would dissect thousands of them."

Rich dad laughed aloud and asked, "What do they tell you when you ask them about the relationship between dead frogs and money?"

"All my teachers say the same thing," I replied. "They say the same thing no matter how many times I ask them how school is relevant to the real world."

"And what do they say?"

"They say, 'You need to get good grades so you can find a safe secure job,'" I replied.

"Well that is what most people want," said rich dad. "Most people go to school to find a job and some kind of financial security."

"But I don't want to do that. I don't want to be an employee working for someone else. I don't want to spend my life having someone else tell me how much money I can earn or when I can go to work or take a vacation. I want to be free. I want to be rich. That is why I don't want a job."

For those of you who may not have read *Rich Dad Poor Dad*, my rich dad was my best friend's father. Although he was a man who started with nothing and did not have a formal education, he ultimately became one of the wealthiest men in the State of Hawaii. My poor dad, my real dad, was a highly educated man, a highly paid government official, but no matter how much money he made, he was broke at the end of every month and ultimately died broke with little to show for a life of hard work.

One of the reasons I began studying with my rich dad after school and on weekends was because I knew that I was not receiving the education I wanted in school. I knew school did not have the answers I was searching for because my read dad, my poor dad, was the head of education for the State of Hawaii. I knew that my real dad, the head teacher, did not know much about money. Therefore, I knew the school system could not teach me what I wanted to know. At the age of 15, I wanted to know how to be rich rather than how to be an employee who works for the rich.

After seeing my mom and dad constantly fight over not having enough money, I began to look for an adult who could teach me about money. That is how I came to study with my rich dad. I studied with him from the age of nine until I was 38 years of age. I was looking for the education. For me, it was my "Business School" – the business school for real life. Because of my rich dad's straining, I was able to retire at the age of 47, financially free for the rest of my life. If I had followed my poor dad's advice – the advice of being a good employee until I was 65 years old – I would still be working today, worried about my job security and worried about my pension plan filled with mutual funds that keep going down in value. The difference between my rich dad's advice and my poor dad's advice was simple. My poor dad always said, "Go to school and get good grades so you can find a safe, secure job with benefits." My rich dad's advice was, "If you want to be rich, you need to be a business owner and an investor." My problem was that school did not teach me to own businesses or to be an investor.

"If you want to be rich, you need to be a business owner and an investor."

Why Thomas Edison Was Rich and Famous

"So what did you study in school today?" asked rich dad. Thinking about my day for a while, I finally replied: "We have been studying the life of Thomas Edison."

"That's an important person to study," said rich dad. "So did you discuss how he became rich and famous?"

"No," I replied. "We only discussed his inventions, like the light bulb."

Rich dad smiled and said, "Well, I have to contradict your teacher, but Thomas Edison did not invent the light bulb... but he did perfect it." Rich dad explained that Thomas Edison was one of his heroes and he had studied his life.

"So, why is he credited with inventing it?" I asked.

"There were other light bulbs invented before his light bulb, but the problem was they were not practical. The early bulbs did not burn long enough. Also, the other inventors could not explain how the light bulb could have any commercial value."

"Commercial value?" I asked in a puzzled tone.

"In other words, the other inventors did not know how to make money from their invention...and Thomas Edison did," added rich dad.

"So, he invented the first *useful* light bulb and he also know how to turn the bulb into a business," I stated.

Rich dad nodded his head, "And it was his business sense that made so many of his inventions so useful to millions of people. Thomas Edison was more than an inventor. He was the founder of General Electric and many other major companies. Did your teachers explain that to you?"

"No," I replied. "I wish they would have. I would have been more interested in the subject. Instead, I was bored and wondering how Thomas Edison was relevant to real life. If they have told me how he became so rich, I would have been much more interested and listened more closely."

Rich dad laughed and told me how Thomas Edison the inventor also became a multi-millionaire and founder of a billion-dollar corporation. Rich dad went on to say that Edison dropped out of school because his teachers thought he was not smart enough to succeed in school. He than took a job selling candies and magazines on the railroads as a young boy. There, he developed his sales skills. Soon, he began to print his own newspaper in the back of the train and then hired a team of boys to sell not only his candies, but also his newspaper. While still a boy, he went from employee to business owner, employing a dozen other boys, in about a year.

"So that is how Thomas Edison began his business career?" I asked.

Rich dad nodded his head and smiled.

"Why didn't the teachers tell me that?" I asked. "I would have loved to have heard that story."

"There is more," said rich dad as he continued with Edison's story. Edison soon grew bored of his business on the train and began learning how to send and receive Morse code so he could get a job as a telegraph operator. Soon, Edison was one of the best telegraph operators around and he travelled from city to city using his telegraph operator skills. "It was what he learned from being a young entrepreneur and a telegraph operator that gave him the edge as a businessperson and an inventor of the light bulb.

"How did being a telegraph operator help him become a better businessman?" I asked, now confused. "What does this story have to do with me becoming rich?"

"Give me time to explain," said rich dad. "You see, Thomas Edison was more than just an inventor. As a young boy, he became a business owner. That is why he became very rich and famous. Rather than going to school, he gained the business skills required for success in the real world. You asked me why the rich get rich, didn't you?"

"Yes," I replied, nodding and feeling a little embarrassed for interrupting my rich dad.

“What made him famous relative to the light bulb was his past experience as a businessperson and a telegraph operator,” rich dad said. “Being a telegraph operator, he knew that what made the inventor of the telegraph so successful was because it was a business system – a system of lines, poles, skilled people, and relay stations. As a young man, Thomas Edison understood the power of a system.”

I jumped in, “You mean because he was a businessperson, he realized how important the system was. The system was more important than the invention.”

Rich dad nodded. “You see, most people go to school to learn to be an employee of a system; they fail to see the big picture. Most only see the value of their job because that is all they are trained to see. So, they see the trees and not the forest.”

“So, most people work for the system rather than own the system,” I added. Nodding in agreement, rich dad said, “All they see is the invention or product, but not the system. Most people fail to see what really makes the rich rich.” “So, how does this apply to Thomas Edison and the electric light bulb?” I asked.

“What made the light bulb powerful was not the light bulb, but the system of electrical lines and relay stations that powered the light bulb,” said rich dad. “What made Thomas Edison rich and famous was that he could see the big picture while other people only saw the light bulb.”

“And he could see the big picture because of his business experience on the train and his experience as a telegraph operator,” I replied.

Rich dad nodded. “Another word for system is ‘network.’ If you really want to learn how to be rich, you must begin to know and understand the power found in *networks*. The richest people in the world build networks. Everyone else is trained to look for work.”

“The richest people in the world build networks. Everyone else is trained to look for work.”

“Without the electrical network, the light bulb would have very little value to people,” I said.

“You’re getting the idea,” smiled rich dad. “So what makes the rich rich is that they build and own the system... the network. Owning the network makes them rich.”

“A network? So if I want to become rich, I need to learn how to build a business network?” I queried.

“You’re getting the idea,” rich dad said, “There is more than one way to become rich, but the ultra-rich have always built networks. Just look at how John D. Rockefeller became one of the wealthiest men in the world. He did more than just drill for oil. John D. Rockefeller became one of the richest men in the world because he built a network of gas stations, delivery trucks, ships and pipelines. He became so rich and powerful

because of his network that the U.S. government forced him to break up his network, calling it a monopoly.

“And, Alexander Graham Bell invented the telephone, which eventually became a telephone network called AT&T,” I added.

Rich dad nodded. “And later came radio networks and then television networks. Every time a new invention came along, the people who got rich were the people who built and owned the network that supported the new invention. L Many high-paid stars and sports athletes are rich simply because radio and television networks make them rich and famous.

“So why doesn’t our school system teach us to built networks? I asked.

Rich dad shrugged his shoulders. L “I don’t know,” he replied. “I think because most people are just happy to find a job working as an employee of a large network... a network that makes the rich richer. I did not want to work for the rich. That is why I built my own network. I did not make as much money early in my life, because it takes time to build a network. For five years, I made much less than my peers did. However, after 10 years, I was far richer than most of my classmates, even the ones who went on to become doctors and lawyers. Today, I earn far more than they could every dream of earning. A well designed and managed business network will exponentially earn far more than a hard-working individual can.”

Rich dad explained that history is filled with stories of rich and famous people who built networks. When trains were invented, many people became rich. The same is true for airplanes, ships, cars and retail stores like Wal-Mart, Gap and Radio Shack. In today’s world, the power of super computers and the power of PC’s allow many individuals the power to build great wealth if they would work to build their own networks. This book and my company, richdad.com, are dedicated to those who want to build their own business networks.

Today we have Bill Gates, the richest man in the world, who became rich plugging an operating system into IBM’s network. The Beatles became famous worldwide due to the power of the radio, television and record store networks. Sport stars earn millions of dollars due to the power of television and radio networks. The Internet, which is the latest in worldwide networks, has made many people millionaires and even a few people billionaires. My writing skills have earned millions of dollars not because I am a great writer but because my business partners with the Time Warner network. We at richdad.com work cooperatively with time Warner Books and AOL on the Internet. They are great companies and great people to work with. Richdad.com is also networking with other companies throughout the world, in countries such as Japan, china, Australia, the UK, Europe, Africa, South America, Canada, India, Singapore, Malaysia, Indonesia, Mexico, Philippines and Taiwan. As rich dad said, “The rich build networks and everyone else looks for work.

Why the Rich Get Richer

Most of us have heard the saying, “Birds of a feather flock together.” Well, that saying holds true not only for birds, but also for rich people, poor people and middle-class people. In other words, the rich network with the rich; the poor network with other poor people; and the middle class hangs out with the middle class. Rich dad often said, “If you want to become rich, you need to network with those who are rich or who can help you become rich.” He also said, “Many people spend their lives hanging out and networking with people who hold them back financially.” One idea this book wants to pass on is that a networking marketing business is a business with people who are there to help you become richer. One question you may want to ask yourself is this: “Is the company I work for and the people with whom I spend time dedicated to me becoming rich? Or, are the people and company more interested in me continuing on as a hard worker?”

By the age of 15, I knew that one way for me to become rich and financially free was to learn how to network with people who could help me become rich and financially free. To me, that made perfect sense. Yet, to many of my high school classmates, what made sense was to get good grades and get a safe, secure job. At the age of 15, I decided that I would seek the friendship of friends who were interested in me becoming a rich person rather than becoming a loyal employee working for the rich. When I look back upon my life, the decision I made at the age of 15 was a life-changing decision. I was not an easy decision because at 15, I had to be very careful with whom I spent my time and which teachers to whom I would listen. For those of you considering building your own business, this idea – the idea of being aware of whom you spend your time with and who your teachers are – is a very important consideration. As a young boy in high school, I began choosing my friends and teachers very carefully, because your family, friends and teachers are a very, very, very important element of your network.

A Business School for the People

Personally, I am thrilled to write this book in support of the network marketing industry. Many companies in this industry are offering millions of people the same business education my rich dad taught me: the opportunity to build your own network rather than spend your life working for a network.

Teaching people to understand the power of building their own business, their own network, is not an easy task. The reason is that most people have been taught to be loyal, hard-working employees rather than to be business owners who build their own networks.

After I returned from Vietnam, where I was a U.S. Marine Corps officer and helicopter pilot, I considered going back to school to get my M.B.A. degree. My rich dad talked me out of it. He said, “If you get a M.B.A. from a traditional school, you are still trained to be an employee of the rich. If you want to be rich, rather than a highly paid employee of the rich, you need to go to a business school that teaches you to be an entrepreneur. That

is the type of business school I have put you through.” Rich dad also said, “The problem with most business schools is that they take the smartest kids and train them to be business executives for the rich, rather than executives for the employees.” If you followed the news on Enron and WorldCom, the highly educated executives were accused of thinking only of themselves, and not the employees or investors who had entrusted their lives and money with them. Many highly educated and highly paid executives were telling their employees to buy more of the company stock while the executives were selling theirs. Although WorldCom and Enron are extreme cases, that type of selfish behaviour goes on every day in the corporate world and in the stock market.

A big reason I support the network marketing industry is that many companies in the industry are really business schools for the people rather than business schools that take smart kids and train them to be employees of the rich. Many network marketing companies teach values not found in traditional business schools...values such as the best way to become rich is to teach yourself and other people to become business owners...rather than teach them to be loyal employees working for the rich.

Other Ways of Getting Rich

Many people have acquired great wealth building a network marketing business. In fact, some of my richest friends have created their fortune building a network marketing business. Yet, to be fair, there are other ways a person can acquire great wealth. Therefore, in the next chapter, this book will go into other ways people have become rich and, more importantly, financially free...free from the drudgery of earning a living, clinging to job security, and living pay check to pay check. After reading the next chapter, you may have a better idea of whether building a network marketing business is the best way for you to create your own personal fortune...and as a vehicle to pursue your dreams and passions.

There Is More Than One Way To Become Rich

"Can you teach me to be rich? I asked my teacher.

"No," my biology teacher replied. "My job is to help you graduate so you can find a good job."

"But what if I don't want a job? What if I want to be rich?" I asked.

"Why do you want to be rich?" asked my teacher.

"Because I want to be free. I want to have the money and time to do what I want to do. I don't want to be an employee for most of my life. I don't want my life's dreams to be dictated by the size of my pay check."

"That's nonsense. You're dreaming about the life of the idle rich and you can't be rich if you don't have good grades and a high-paying job," said the teacher. "Now get back to your frog."

In my other books and educational programs, I often refer to the three different types of education that are required if we want to be financially successful in life: scholastic, professional and financial education.

Scholastic Education

This education teaches us to read, write and do math. It is a very important education, especially in today's world. Personally, I did not do well with this level of education. I was a "C" student most of my life simply because I was not interested in what I was being taught. I am a very slow reader, and I do not write well. Although a slow reader, I do read a lot; I just read very slowly, and I often have to read a book two or three times before I understand what I am reading. I am also a poor writer, though I continue to write.

As a side note, although a poor writer, I have been fortunate to have seven books on *The New York Times*, *The Wall Street Journal* and *Business Week* bestseller lists. As I state in *Rich Dad Poor Dad*, I am not a best-writing author, I am a best-selling author. My rich dad's sales training did pay off even though it did not pay off in school when it came to my grades.

Professional Education

This education teaches you how to work for money. During my youth, the smart kids went on to become doctors, lawyers and accountants. Other professional schools teach

people to become medical assistants, plumbers, builders, electricians and automobile mechanics. If you look in the yellow pages of your phone book under education or schools, you will find those pages filled with schools that teach people professions that help them become more employable.

Personally, since I did not do well at the first level of education – the scholastic level – becoming a doctor, lawyer or accountant was not encouraged for me. Instead, I attended school in New York where I became a ship's officer, sailing ships such as tankers for Standard Oil and passenger liners like the ship on the television program, *The Love Boat*. After graduation, because the Vietnam War was on, instead of taking a job in the shipping industry, I went to Pensacola, Florida where I attended the U.S. Navy flight School and became a pilot, flying for the Marine Corps in Vietnam. Both my dads said it was a son's duty to fight for his country, so both my brother and I volunteered to go to Vietnam. By the time I was 23, I had two professions: one as a ship's officer and the other as a pilot, but I never really used either of them to make money.

On a side note, I think it ironic today that the skill I am most known for is writing...a subject I failed twice in high school.

Financial Education

This is the education where you learn to have *money work for you* rather than to have *you work for money*. This third level of education is not taught in most of our schools.

My poor dad thought that a good scholastic and professional education was all a person needed to be successful in the real world. My rich dad said, "If you have a poor financial education, you will always work for the rich." Richdad.com has done its best to create products that teach the same financial education my rich dad taught me. We have products such as the board games *CASHFLOW 101*, *202* and *CASHFLOW for Kids*, which teach in a fun way the same financial education and financial mindset my rich dad taught me.

"Learn to have *money work for you* rather than to have *you work for money*."

A Financial Disaster

In my opinion, the United States and many Western nations have a financial disaster coming...a financial disaster caused by our educational systems' failure to adequately provide a realistic financial education program for students. As most of us unfortunately know, we did not receive much financial education in school, and, in my opinion, knowing how to manage and invest money is a very important life skill.

Recently, we have seen millions of people lose trillions of dollars in the stock market. In the near future, I predict a financial disaster because millions of people born after 1950

will not have enough money for retirement. More important than money for retirement is money for medical care. I often hear financial advisors saying, "Your living expenses go down after you retire." What those financial advisors often fail to tell you is that after you retire what goes up are your medical expenses, even if your living expenses go down.

My poor dad believed that the government should take care of anyone who did not have money. While in my heart I agree with him, my financial mind wonders how our government can afford to provide for the millions of people who will soon need financial support for living and medical expenses. By the year 2010, the first of 83 million baby boomers will begin to retire. My question is how many of them have enough money to survive once their working days are over? And if millions will need billions of dollars to survive, are the young people of the world willing to pay for the living expenses of the old people?

In my opinion, it is imperative that our school systems begin teaching financial education as soon as possible. Learning how to manage and invest money is certainly as important as learning how to dissect a frog.

A Personal Comment

My wife and I were able to retire early in life without a job, without government assistance, and without any stocks or mutual funds. Why did we not have stocks or mutual funds? The reason is, in our opinion, they are very risky investments. In my opinion, mutual funds are some of the riskiest of all investments; yet, they are a good investment if you do not have any formal financial education and experience.

If you have followed the financial news, you may have noticed that before the stock market crash, which started in March of 2000, the financial advisors were saying, "Invest for the long-term, buy and hold, and diversify." Now that the market has crashed, they are advising, "Invest for the long-term, buy and hold, and diversify." Do you notice anything different?

So, if you *do not* have a good financial education, then you may want to do as most financial advisors advise, which is to save money, buy mutual funds, invest for the long-term and diversify. If you have a strong financial education, then you may not have to follow such risky advice. Instead, you can do what my rich dad advised me to do, which is to first build a business. He said, "Building your own business is the best way to become rich." Rich dad also said, "After you have built your business, and you have strong cash flow, then you can begin investing in other assets."

"Building your own business is the best way to become rich. After you have built your business, and you have strong cash flow, then you can begin investing in other assets."

The Other Ways To Become Rich

Rich dad said, "Because so many people do not have an adequate financial education, they come up with many interesting ways to become rich other than building a business network. For example, millions of people try to become rich playing the lottery or working hard and saving money. And some people actually do become rich using these different methods." He also said, "If you want to become rich, you need to find the way to become rich that best works for you." The following are some of the other ways people become rich.

- 1. You can become rich by marrying someone for his or her money.** This is a very popular way of becoming rich. Yet, rich dad would say, "You *know* what kind of person marries for money."
- 2. You can become rich by being a crook.** Rich dad said, "The trouble with being a crook is that you have to associate with other crooks. Much of business is based on trust. How can you have much trust when your partners are crooks?" He also said, "If you are honest and make an honest mistake in business, most people understand and give you a second chance. In addition, if you learn from your honest mistakes, you will grow into a better businessperson. But if you are a crook and you make a mistake, then you either go to jail or your partners will punish you in their own efficient ways."
- 3. You can become rich by being greedy.** My rich dad said, "The world is filled with people who became rich by being greedy. Greedy rich people are the most despised of all the different types of rich people."

After the stock market crash of 2000, the world feasted on stories of companies that distorted their financial records, CEOs who lied to investors, insiders who sold stock illegally, and corporate officers who told their workers to buy shares while they were selling theirs. For months, the news was filled with stories about the leaders of Enron, WorldCom, Arthur Andersen and Wall Street analysts who were lying, cheating and stealing. In other words, some of these rich greedy people were so greedy they broke laws and turned into crooks. The first few years of the 21st century revealed some of the worst examples of greed, corruption and lack of moral guidance, proving that not all crooks deal in drugs, wear masks and rob banks.

- 4. You can become rich by being cheap.** Rich dad said, "Trying to become rich by being cheap is the *most* popular way people attempt to become rich. People who try to become rich by being cheap are people who often try to live below their means rather than finding ways to expand their means." He also said, "The problem with becoming rich by being cheap is that in the end you're still cheap." We have all heard stories of people who spent their lives hoarding money, pinching pennies, and shopping at sales just to acquire masses of money. Yet,

even though they have a lot of money, they live life as poorly as someone who is truly poor. To my rich dad, having a lot of money yet living like a poor person made very little sense.

Rich dad had a friend who lived cheaply all his life, saving his money, never spending on anything except for the bare necessities. The sad thing was that his three grown children could not wait for him to die so they could get their hands on all his money in less than three years. After all the money was gone, the kids were just as poor as their dad was, even though he once had lots of money. To my rich dad, people who hoard money yet live poorly are people who worship money, making money their master rather than learn to become a master of money.

- 5. You can become rich via hard work.** The problem rich dad had with hard work was that he noticed that hard-working people often had a hard time enjoying their money and their life. In other words, hard work was all they knew. They did not know how to have a good time.

Working Hard for a Bad Income

Rich dad also taught his son and me that many people work hard for the wrong kind of income. He said, "People who physically work hard for money often work hard for the wrong kind of income. Income that is physically worked for is the highest taxed of all income. People who work for the wrong income often work harder and harder only to be taxed more and more." In my rich dad's mind, to work for income that is taxed more and more was not financially intelligent. Most people who have a job work for the highest taxed of all income. In addition, the people who are paid the least often pay the highest percentage in taxes.

When I was a boy, my rich dad taught me that there is more than one kind of income. He said, "There is good income and bad income." In this book, you will find out what kind of income to work hard for...which is income that is taxed less and less even though you earn more and more.

Rich dad also pointed out to his son and me that many people work very hard all their lives but had little to show for their hard work at the end of their lives. In this book, you will find out how you may have to work hard for a few years but eventually be free to choose never to work again...if that is what you choose to do.

- 6. You can become rich by being exceptionally smart, talented, attractive or gifted.** Tiger Woods is an example of an exceptionally gifted golfer – a golfer who spent years developing his gift. Yet being gifted, smart or talented is still no guarantee of becoming rich. Rich dad would say, "The world is filled with gifted people who never become rich. Just go to Hollywood and you find many beautiful, handsome and talented actors who earn less than most people." Statistics also show that 65 percent of all professional athletes are broke five years

after their high-paying professional careers are over. In the world of money, it takes more than God-given brains, talent or good looks to become rich.

- 7. You can become rich by being lucky.** Trying to become rich by being lucky is also most as popular as trying to become rich by being cheap. As most of us know, millions of people bet billions, maybe trillions, of dollars on the lottery, the race tracks, casinos and on sporting events, all hoping to strike it rich by being lucky. Moreover, as we all know, for every lucky person there are thousands, maybe millions, of unlucky people. Again, studies have shown that most lottery winners are broke five years after winning more money than they could have earned in five lifetimes. Therefore, even being lucky once or twice does not mean you hold on to your wealth.
- 8. You can become rich by inheriting money.** By the time we are in our twenties, we should know if we are going to inherit anything. If you know you are not going to inherit anything, then obviously you need to find some other way to become rich.
- 9. You can become rich by investing.** One of the most common complaints I have is that it takes money to invest. In addition, in most cases that is true. There is another problem with investing. You can lose everything you invest if you are not financially educated and trained to be an investor. As many of us have seen, the stock market is risky and volatile, which means one day you make money and the next day it could be all gone. With real estate, although you can use your banker's money to invest, it still takes some money and education to accumulate great wealth. In this book, you will find out how to acquire the money to invest. More importantly, you will learn how to become an investor before you risk your money.
- 10. You can become rich by building a business.** Building a business is the way most of the rich became very rich. Bill Gates built Microsoft; Michael Dell created Dell Computers in his dormitory room. The problem is that building a business from scratch remains the riskiest of all the ways to become rich. Even purchasing a franchise, which is less risky, can be very expensive. Prices to purchase well-known franchises may range from \$100,000 to \$1.5 million just for the rights to the franchise. On top of the initial fee, there are monthly payments to the headquarters for training, advertising and support. In addition, even all this support is still no guarantee of great wealth. Many times a person must continue to pay money to the franchisor or headquarters, even when his or her personal franchise is losing money. Although buying a franchise is less risky than starting your own business from nothing, statistics show that 1/3 of all franchise eventually go broke.

The Difference between Big Business Owners And Small Business Owners

Before moving on to the eleventh way of becoming rich, I want to discuss the difference between a small-business owner and a big-business owner. The difference is that big-business people build networks. The world is filled with small-business owners who own restaurants. The difference between a single-restaurant owner and Ray Kroc, who founded McDonalds, is that McDonalds is a network of hamburger restaurants known as a franchise network. Another example, in contrast, is a small-business owner who owns a television repair shop as compared to Ted Turner, who built CNN, which stands for Cable News Network. Again, notice the word *network*. The point is that the difference between a small-business owner and a big-business owner is simply the size of their network. While many small-business owners own businesses, very few business owners build networks. Simply put, building a business network is how the richest people in the world became rich.

The Eleventh Way to Become Rich

- 11. You can build a network marketing business.** The reason I put a network marketing business as the eleventh way of becoming rich is that it is a very new and revolutionary way to acquire great wealth. If you will quickly glance over the first 10 ways of becoming rich, you may notice that the focus is a self-centered focus on who becomes rich. In other words, it might be seen as a greedy focus. For example, someone who tries to become rich by being cheap is primarily focused on themselves and maybe a few family and friends becoming rich. Someone who marries for money is definitely focused on the money for himself or herself. Even a big business is focused on only a few selected people becoming rich. When franchises came out they made it possible for more people to become business owners and share in the wealth, but in most cases, franchises are reserved for only those with the money to buy the franchise, and, as I stated earlier, a McDonalds franchise today costs over \$1 million to get in. Therefore, I am not saying these people are bad or greedy people; I am simply saying that in most cases, the focus is not on a lot of people becoming rich. The focus is on the individual becoming rich.

“A network marketing business is a new and revolutionary way to achieve wealth.”

The reason I put network marketing as an eleventh way of becoming rich all by itself is because it is a revolutionary new way of sharing the wealth with anyone who truly wants to acquire great wealth. A network marketing system is set up to make it possible for anyone to share in the wealth. A network marketing system – a system I often call a personal franchise or an invisible big business network – is, in my opinion, a very democratic way of wealth creation. The system is open to anyone who has drive, determination and perseverance. The system does not really care what college you went

to, if you went to one, how much money you make today, what race or sex you are, how good-looking you are, who your parents are, or how popular you are. Most network marketing companies care primarily about how much you are willing to learn, to change and to grow, and whether you have the guts to stick it out through thick and thin while you learn to be a business owner.

“A network marketing system – a system I often call a personal franchise – is a very democratic way of wealth creation.”

Recently, I listened to an audio recording of a very famous and rich investor, delivering a speech to a famous business school. I do not mention the school’s name or his name because what I am about to say is not very flattering. He said, “I am not interested in teaching people to invest. I am not interested in helping poor people get ahead in life. All I want to do is spend time with intelligent people like you, here at (the famous business school.)”

While I personally do not agree with what he said, I still commend him for his honesty. As a person who spent much of my life growing up with the rich friends of my rich dad, I often heard such comments, but they were said discreetly and quietly. In public, they would attend charity events and donate money to popular causes, but many of them did that only to appear socially acceptable. In their private meetings, I often hear their real thoughts – thoughts that were of similar context to the famous investor speaking at the famous business school.

Obviously, not all rich people share that attitude. Nonetheless, I am constantly amazed at how many rich and successful people are rich and successful because they are greedy and have very little interest in helping those less fortunate. Again, I will state that not all rich people share this attitude, but the percentage is significant from my experience.

A primary reason I support the network marketing industry is that their systems are fairer than previous systems of acquiring wealth. Henry Ford, one of the world’s greatest businesspersons, became rich by fulfilling the mission statement of his company, the Ford Motor Company. Ford’s mission statement was, “Democratize the automobile.” The reason that mission statement was so revolutionary was because at the turn of the century, automobiles were only available to the rich. Henry Ford’s idea was to make the automobile affordable for everyone, which is what “Democratize the automobile” means. Interestingly enough, Henry Ford was an employee of Thomas Edison, and in his spare time, Henry designed his first automobile. In 1903, the Ford Motor Company was born. By slashing production costs and adapting the assembly line to mass-produce standardized inexpensive cars, Ford became the largest automobile producer in the world. Not only did he make his car affordable; he paid the highest wages in the industry as well as offering profit sharing plans for his workers, redistributing over \$30 million annually to them...and \$30 million was worth a lot more in the early 1900s than it is today.

In other words, Henry Ford was a man who became rich because he cared not only for his customers, but because he cared for his workers. He was a generous man rather than a greedy man. Henry Ford also came under much criticism and personal attack by the so-called intellectual society. Henry Ford was not well educated and, like Thomas Edison, was often ridiculed because of his lack of formal education.

One of my favorite stories of Henry Ford was when he was asked to submit to a test by so-called smart people from the world of academics. On the appointed day, a group of smart people came in to give him an oral test. They wanted to prove he was ignorant.

The test began by one scholar asking him a question such as, "What is the tensile strength of the rolled steel you use." Ford, not knowing the answer, simply reached for one of the many phones on his desk and called his vice president who knew the answer. The vice president came in, and Ford asked him the question. The vice president gave him the answer the panel wanted. The next smart person then asked another question and again Ford not knowing the answer, called someone else from his staff who knew the answer. This process went on until finally one of the smart people on the panel shouted, "See, this proves you are ignorant. You don't know the answers to any of the questions we ask you."

Henry Ford reportedly replied, "I don't know the answers because I do not need to clutter my head with the answers you seek. I hire smart young people from your schools who have memorized the answers you expect me to have memorized. My job is to not to memorize information that you thin is intelligence. My job is to keep my head clear of such clutter and trivial facts so that I can think." At that point, he asked the smart people from the world of academics to leave.

For years, I have committed to memory what I believe is one of Henry Ford's most important sayings: "Thinking is the hardest work there is. That is why so few people engage in it."

"Thinking is the hardest work there is. That is why so few people engage in it."

Wealth for Everyone

In my opinion, this new form of business, the net work marketing business, is a revolution simply because for the first time in history it is now possible for anyone and everyone to share in the wealth that, until now, has been reserved only for the chosen few or the lucky. I am aware that there has been some controversy over this new form of business and it's had its share of greedy and sometimes crooked people trying to make a quick buck. Yet, if you step back and look at this new form of business, it is a very socially responsible system of sharing the wealth. A network marketing business is not a good business for greedy people. By design, it is the perfect business for people who like helping other people. Saying it another way, the only way a network marketing business

works is by helping someone else become rich as you become rich. To me, that is revolutionary, just as revolutionary as Thomas Edison and Henry Ford were in their days.

Before closing, I know that most people are generous. I am also not condemning greed, since a little greed and personal self-interest is always healthy. It is when greed or personal gain becomes excessive that most of us protest or shake our heads in disgust. Since most people are generous and want to help their fellow human beings, this new form of networking business systems gives more people the power to help many more people. While this business is not for everyone, if you are a person who truly wants to help as many people as possible achieve their financial goals and dreams, then the network marketing business is worthy of your time to consider.

In Summary

Today there are many ways for a person to become rich. The best way to become rich is to find the way that works best for you. If you are a person who loves helping other people, I believe this new form of business system – network marketing – is for you. That is why I have titled this book *The Business School for People who Like Helping Other People*. If helping other people is not your cup of tea, then there are at least 10 other methods to choose from.

In the following chapters, I will be discussing the core values I have found in most network marketing companies. In my opinion, these core values are the most important for you to consider in deciding whether or not you will be a part of this industry. Rich dad taught his son and me that core values are far more important than money. He often said, “You can become rich by being cheap and greedy. You can also become rich by being abundant and generous. The method you choose will be the method that most closely matches the core values deep inside of you.

Value #1: True Equal Opportunity

I am often asked, "Since you did not become rich from building a network marketing business, why do you recommend others get into the business?" There are several reasons I recommend the network marketing business, and they are explained in this book.

The Closing of My Mind

It was sometime during the mid-1970s that a friend invited me to a presentation on a new business opportunity. Being a person who makes it a habit of regularly investigating business and investment opportunities, I agreed to attend the meeting. Although I thought it was strange that the business meeting was at a private home rather than in an office, I went along anyway. That meeting was to be my introduction to the world of network marketing.

I sat there patiently listening to the three-hour presentation. I agreed with most of the points on why someone should start their own business. The part I did not pay much attention to was how the business they were building was so very different from the business I was building. Simply put, I was building my business to make me rich and they were talking about building a business that made many people rich. At that stage of my life, my mind was not open to such radical new ideas. In my kind, a business is supposed to make only the owners rich.

At the end of the evening, the friend asked me what I thought of the business opportunity presented. My reply was, "It was interesting but it's not for me." When my friend asked me why I was not interested I said, "I am already building my own business. Why do I need to build a business with other people? Why should I help them?" I then said, "Besides, I have heard rumours that these network marketing business are just pyramid schemes and are illegal." Before my friend could say anything further, I walked off into the night, got into my car, and drove away.

At that stage of my life in the mid-1970s, I was building my first international business. Therefore, I was very busy keeping my daytime job and building this business in my spare time. The business I was building was a manufacturing and marketing business focused on bringing to market the first nylon and Velcro surfer wallets. Soon after my first network marketing meeting, my sports wallet business boomed. My two years of hard work was paying off. Success, fame and fortune seemed to pour down upon my two partners and me. We had reached our goal, which was to become millionaires before we were 30. In the 1970s, \$1 million was worth something. My company and my products were written about in such magazines as *Surfer*, *Runner's World* and *Gentleman's Quarterly*. We were the hot new products in the sporting goods world, and business poured in from all over the world. My first international business was up and running.

Therefore, when presented with the business opportunity a network marketing business offered me, my mind was closed and I did not want to hear anymore. It would be years before it would open again...open enough to listen and to begin to change my opinion about the industry. I did not think about the network marketing industry again for 15 years.

A Change of Mind

Sometime in the early 1990s a friend I respect for his financial wisdom and his business success told me he was in the network marketing business. Bill was already very wealthy from his real estate investments, so it puzzled me why he would have a network marketing business. Now curious, I asked him, "Why are you in this business? You don't need the money, do you?"

Laughing aloud, Bill said, "You know I like making money, but I am not in the business because I need the money. My finances are in great shape."

I knew that Bill had just completed commercial real estate projects worth over \$1 billion in the last two years, so I also knew he was doing well. Yet his vague answer made me more curious, so I pressed on, asking him, "So, why do you have a network marketing business?"

Bill thought for a long while and then began speaking in his slow Texas style: "For years, people have asked me for real estate investment tips. They want to know how to become rich by investing in real estate. Many want to know if they can invest with me or how they can find real estate for no money down."

Nodding in agreement I said, "I am asked the same questions."

"The problem is," said Bill continuing on, "most cannot invest with me because they do not have enough money. They do not have the \$50,000 or \$100,000 needed to get into my level of real estate investments. In addition, the reason many of them want a no-money-down deal is that many of them have absolutely no money at all. Some are two paychecks away from bankruptcy. Therefore, they look for these cheap no-money-down deals that are often very bad deals. You and I know the best real estate deals go to the rich who have money and not to those without money."

Nodding, I said, "I understand. I remember being so poor that no banker or real estate agent would take me seriously. You mean they don't have any money, or if they do have money, they don't have enough money for you to help them. They aren't rich enough for your investments?"

Bill nodded, "And on top of that, if they do have a little money, it is often their life savings. You know I do not recommend investing everything you have. On top of that, if they invest their life savings, they are often so afraid of losing they wind up losing. And you and I know that a person who is afraid of losing often loses."

My conversation with Bill went on for a few more minutes, but I soon had to dash for the airport. I was still not sure why he was in a network marketing business, but my closed mind was beginning to open. I was beginning to want to know more about why someone as rich as he was had a network marketing business. I was beginning to realize that there was something more to the business than just the money.

Over the next few months my dialogue with Bill continued. Slowly I began to understand his reasons for being in the business. His primary reasons were:

1. **He wanted to help people.** This was his main reason for having this business. Although a very rich man, he was not a greedy or arrogant man.
2. **He wanted to help himself.** “You have to be rich to invest with me. I realized that if I helped more people become rich, then I would have more investors.” Bill continued. “The irony is that the more I helped others become rich building their own business, the more my business grew...and I became richer. Now I have a thriving consumer distribution business, more investors, and more money of my own to invest. Talk about win-win. That is why in the last few years I have begun investing in much larger real estate projects. As you know, it’s hard to get really rich investing in small real estate deals. It can be done, but if you don’t have much money, all you get are the real estate deals that people with money don’t want.”
3. **He loves learning and teaching.** “I love working with people who want to learn.” He said to me in one of our later discussions, “It is exhausting working with people who think they know everything. In my world of real estate investing, I work with many of those people. Working with someone who thinks they know all the answers is tough. For me, people who start a network marketing business are looking for new answers and they are ready to learn. I love learning, teaching business, and sharing new ideas with people excited about their ongoing education. As you know, I have a degree in accounting and an M.B.A. in finance. This business gives me a chance to teach others what I know and continue learning along with everyone else. You would be surprised how many very smart, well educated people from different backgrounds are in this business. There are also many people without a formal education who are in this business to gain the education they need to find financial security in a world with less and less job security. We get together and share what we already know from our life’s experiences and what we are learning. I love teaching and I love learning, and that is why I love this business. It’s a great business and a great real-life business school.”

A Newly Opened Mind

So sometime during the early 1990s my mind began to open and my point of view on the network marketing industry began to change. I began to see things that my closed mind could not see. I began to see things that were good and positive about the industry rather

than the things that were negative...and there are negatives to the industry. But then again, there is something negative about most things.

After retiring in 1994, financially free at the age of 47, I began my own research into the network marketing industry. Anytime someone invited me to one of his or her presentations, I went along just to listen to what he or she had to say, I did join a few of the network marketing companies if I liked what they said. However, I joined not necessarily to make more money; I joined to take a long hard look at the positives and the negatives of each company. Instead of just closing my mind, I wanted to find my own answers. After looking into several companies, I saw the negatives that most people see at first glance such as the strange people who initially come into the industry and promote their business. It is true that many dreamers, hustlers, con men, losers and get-rich-quick artists are attracted to this type of business. One of the challenges of a network marketing business is that they have an open door policy, which allows almost anyone to join. This open-door policy is the fair and equal opportunity that most socialists cry out for, yet I did not meet many hard-core socialists in these businesses meetings. These businesses are for capitalists or at least for people who hope to become capitalists.

“A network marketing business has an open door policy.”

After getting through the masses of wannabes, hustlers and dreamers, I finally began meeting the leaders of some of the companies. The ones I met were some of the most intelligent, kind, ethical, moral, spiritual and professional people I have met in all my years of business. One I got over my own prejudices and met people I respected and related to, I found the heart of the industry. I could now see what I could not see before. I could now see the good and the bad.

Therefore, this book is written in part to answer the question, “Since you did not become rich from building a network marketing business, why do you recommend that others get into the business?” It is because I did not gain my fortune from building a network marketing business that I can be a bit more objective about the industry. This book describes what I see as the real value of a network marketing business...a value that goes beyond just the potential of making a lot of money. I finally found a business with a heart and a deep caring for people.

The primary reason I support the industry is that I have always hated the values I found in the traditional educational system. I remember being a junior in high school, about 16 years old, and a teacher told a friend of mine named Martha that she would never amount to much in life because she was not doing well in school. Martha was a shy and sensitive girl. I saw that words of our teacher go straight to her soul. Martha dropped out of school, months short of graduating from high school.

The problem I have with school and the corporate world is that they are similar. It is a survival-of-the-fittest value system. If a person begins to have trouble or cannot

understand something, the system simply passes them by. The systems seem to have lost their heart.

While working at Xerox, a friend of mine had three months straight of poor sales. Instead of helping Ron, the sales manager began to threaten, rather than teach, Ron. I can still hear our sales manager saying, "If you don't sell something soon, you'll be fired." Ron resigned a week later.

Therefore, another reason I support the network marketing industry is that in most cases, the companies are very compassionate businesses. If you are willing to stick it out, and learn and study at your own pace, the business will continue to stick by your side. Many network marketing companies are truly equal opportunity businesses. If you will invest the time and effort, so will they. Even though I did not make my fortune in a network marketing business, I will support any business that values human compassion and true equal opportunity.

In Summary

Between the ages of 18 and 27, I was either in a military academy gaining my college education or the U.S. Marine Corps. In those two organizations, the values are truly a *survival-of-the-fittest* value system. At the academy, if you gave the teacher the answers he or she wanted to hear, you graduated. If you didn't, you failed. In the Marine Corps, if you did as you were trained to do, you survived in combat. In war, it truly is survival of the fittest.

When I returned from the Vietnam War, I found myself wanting to change some of my values. I did not want to be good at playing a win/lose...survival-of-the-fittest (or smartest) game we learn at school. That is why richdad.com's mission statement is, "To elevate the financial well-being of humanity." We believe that just because a child does not do well in school, or does not land a high-paying job, does not mean they have to suffer financially all their lives.

Another reason we at richdad.com support many in the network marketing industry is that we feel many, but not all, in the network marketing industry share in the same mission. Today, rather than beat my classmates at test time, or kill my enemy on the battlefield, or wipe out my competition in the corporate world, I would rather work with those who want to help others to achieve their financial goals and dreams without hurting others. For me this is a value worth supporting.

Richdad.com took our [CASHFLOW for Kids](#) board game and turned it into an interactive game online. The interactive game also comes with a classroom curriculum for ages 5 to 12. This interactive game and curriculum is delivered over the Internet "network" *free of charge* and *free of commercial messages*. It is our way of giving back some of the good fortune we as a business have been blessed to receive. It is also our way of reminding ourselves to be generous rather than greedy.

The fun and entertaining game and curriculum teaches young people throughout the world the same basic financial education and skills my rich dad taught me as a young boy. Years ago, John Lennon of the Beatles taught the world to sing, "Give peace a chance." What we at richdad.com are saying is, "Give all kids a chance." Give all kids the equal opportunity to have a strong basic financial education. We believe that one of the best ways to bring peace is by actively working to end poverty. We also believe the best way to end poverty is by financial education rather than by financial handouts. As my rich dad often said, "If you give a poor person money, you only keep them poor longer."

Today, many network marketing companies are spreading peace through economic opportunity all over the world. Not only are network marketing companies thriving in all the major capitals of the world, but many are also working in the Third World, bringing financial hope to millions of people who live in impoverished countries. Most traditional corporations can only survive where people are rich and have money to spend. It is time that people all over the world have an equal opportunity to enjoy a rich and abundant life, rather than spend their lives working hard only to make the rich richer. If the gap between rich and poor widens, it will be harder to give peace a chance.

The Next Value

The next chapter is about the value of life-changing education that many network marketing companies offer. If you are ready to make financial changes in your life, this next chapter and value is for you.

Value #2: Life-Changing Business Education

It's not about the Money

"We have the best compensation plan." I often heard this comment when I was investigating different network marketing companies. The people anxious to show me their business opportunity would tell me stories of people making hundreds of thousands of dollars a month because of the business. I have also met people who really do make hundreds of thousands of dollars a month from their network marketing business...so I do not doubt the massive earning potential of a network marketing business.

It is true that the lure of making a lot of money draws many people into this business. Yet I do not recommend looking into a network marketing business primarily for the money.

It's not about the Products

"We have the best products." This statement is the second most emphasized benefit I was presented with when inspecting different network marketing companies. I also found it interesting how many product-focused companies' sales presentations were based around the life-changing testimonials. In one presentation the founder of the company told me how she invented her secret potion to save her dying mother in Iowa. After doing some investigation I found out her mother never lived in Iowa and the product she said she invented came from a laboratory in California that private-labels the product for many other companies. As I said earlier, there are fakes and con men, and in this case con women, in any business and profession.

To be fair, I also found some network marketing companies with great products...some of which I still consume or use today. The point of this chapter is, while great compensation plans and great products are important, they are not the most important aspect of the business to consider.

Many Types of Businesses to Choose From

In my investigation of different network marketing companies, I was taken by complete surprise at how many different products or services are delivered via a network marketing system.

The first network marketing business opportunity I looked into in the 1970s sold vitamins. I tried them and found them to be excellent quality vitamins. I still take some

of those vitamins today. As my search went on, I found network marketing businesses in these mainstream product categories.

1. Cosmetics, skin care and other beauty products
2. Telephone services
3. Real estate services
4. Financial services/insurance/mutual funds/credit cards
5. Legal services
6. Internet market distribution, selling catalogued products at a discount (most everything that Wal-Mart sells)
7. Health care products, vitamins and other wellness related products and services
8. Jewellery
9. Tax services
10. Educational toys

And the list goes on. At least once a month, I hear about a new network marketing company with a new twist on products or on their compensation plan.

It's the Education Plan

The number-one reason I recommend a network marketing business is for its system of education. I recommend investing the time to look past the compensation and products and really look into the heart of the company to see if it is truly interested in training and educating you. That takes more time than just listening to a three-hour sales pitch and looking at colourful product catalogues and how much money people are making. To find out how good their education really is may require you to get off your couch and look into their training, educational seminars and events. If you like what you hear from the initial presentation, take some time to actually meet the people who do the educating and training.

Look carefully, because many network marketing companies say they have great education plans. Yet, I found that some did not have the great education and training systems they claimed they did. In some companies I looked into the only training they had was a recommended book list, and then they focused on training you to recruit your friends and family into the business. So take your time and look carefully because many network marketing companies do have excellent education and training plans...in my opinion, some of the best real-life business training I have seen anywhere.

What to Look for in an Education Plan

If you have read my other books, you already know that I come from a family of educators. My dad was the head of the school system for the State of Hawaii. Although I came from a family of educators, I do not like our traditional education system. Although I received a Congressional Appointment to a prominent federal military academy in New York and graduated with my Bachelor of Science degree, the traditional

world of education bored me. I went through the motions of being a student and graduated, but rarely was I challenged or interested in what I was required to study.

After graduating from school, I joined the U.S. Marine Corps and was accepted into the U.S. Navy Flight Program at Pensacola, Florida. The Vietnam War was on and there was an urgent need to train more pilots. While a student pilot, I found the type of education that excited and challenged me. Most of us have heard the overused cliché, “turning caterpillars into butterflies.” Well, in flight school, that is exactly what they do. When I entered flight school, I was already a commissioned officer with four years of military training. However, many of the students entering flight school were fresh from civilian colleges and did resemble caterpillars. During the era of the hippies, there were some very strange characters standing there in their civilian clothes, long hair, beards and mustaches, some in sandals rather than shoes, ready to begin a life-changing educational program. If they survived the training, two to three years later they would emerge as butterflies – pilots ready to take on the rigors of some of the toughest flying in the world.

The movie *Top Gun*, starring Tom Cruise, was about the very best of the caterpillars that the U.S. Navy Flight School turned into butterflies. Just before going to Vietnam, I, too, was stationed in San Diego, California where the Top Gun school is located. Although I was not a good enough pilot to be considered for that prestigious school, the energy and confidence displayed by the young pilots in the movie was the way most of us felt as we prepared to go to war. We changed from scruffy young men who could not fly into young men who were trained, disciplined and physically, mentally and emotionally ready to face challenges most people would rather avoid. The change I observed in myself and in my fellow student pilots is what I mean when I say, “life-changing education.” Once I finished flight school and left for Vietnam, my life was never the same. I was not the same person who entered flight school.

Years after flight school and the war, many of my fellow pilots went on to become very successful in the world of business. When we get together and re-tell old war stories, we often remark the flight school training had a tremendous impact on our business success.

Therefore, when I speak of life-changing business education, I speak of education powerful enough to change a caterpillar into a butterfly, a process often called a *metamorphosis*. When you look into the educational plan of network marketing company, I recommend an educational plan that has the power to make that much of a difference in your life.

Yet, I caution you, just as in flight school, not everyone makes it through the program.

Real Life Business School

One of the best things about flight school was that pilots just returning from the war in Vietnam trained us. When they spoke to us, they spoke from real-life experience. One of the problems I had with traditional business school, which I attended for a short period, was that many of the teachers had no real-life business experience. If the teachers did

have real-life business experience, it was as employees of a company, mostly middle managers, rather than the founders of the company.

When I attended a traditional business school in Hawaii, going for my M.B.A., I found that I was often attempting to learn some management *theory* or economic *theory* taught by some mid-level manager who worked for a large corporation. If the teacher did not have business experience, the teacher was often someone who had never left the school system. In other words they entered the school system at age 5, entering kindergarten, and were still in the school system trying to teach students about the real-world. To me, that system was a joke.

The reason I went to business school for my M.B.A. was that I wanted to be an entrepreneur, not an employee. Most of the mid-level managers or the teachers on the faculty had no idea what it took to start a business from nothing. Most were not entrepreneurs. Most were employees. Most had no idea what business skills it takes to survive on the streets because not many of them had ever been on the streets of the real-world of business. Most let the ivory towers of school and entered the ivory towers of the corporate world. Most were addicted to job security and to a steady paycheck. In other words, most had great business theories but few had great business skills, skills that would allow them to start a business from nothing and go on to attain great wealth in the real-world of business. Most of them could not survive without a paycheck.

I lasted nine months in that business school and then dropped out never receiving my M.B.A. For me, returning to a traditional business school for my M.B.A. was like returning to a school for caterpillars. After flight school, I wanted to find a business school that taught me to be a butterfly. In 1974 when I was discharged from the Marine Corps, I went to my rich dad and he gave me the business education I was looking for. Rich dad's business school was a business school that focused on the *skills that make a person rich* rather than the *theories of what made a business and the economy run*. Rich dad often said, "Skills make you rich, not theories."

"Skills make you rich, not theories."

Do I regret dropping out from business school? Yes, sometimes I do. Yet I am also in good company of dropouts. Bill Gates, Michael dell, Steve Jobs and Ted Turner were also dropouts. Earlier entrepreneurs such as Thomas Edison and Henry Ford also dropped out of school. I believe that all these entrepreneurs saw the real-world business as a more exciting place to get their real-world business experience. These men became monster butterflies, forever changing the world of business.

Don't get me wrong. Much of the information being taught in the business school I attended was valuable information for anyone in business. However, the school was not teaching me the street-wise skills I knew I needed to be an entrepreneur. Instead, the traditional business school was teaching me the skills to be an employee. Soon after dropping out, I began the first nylon and Velcro surfer wallet business and took it worldwide with over 500 sales reps. By the age of 30, I was a millionaire and then the

company went broke two years later. While losing a business was not a pleasant experience, it was a great education. I learned a lot in three years, not only about business, but also about myself.

Building a worldwide business and losing a worldwide business was definitely not an education based on business theory. For me, it was a priceless education, that ultimately made me rich, but more importantly, it was an education that set me free. I did not want an education that would have turned me into a job-seeking caterpillar with an M.B.A. After the crash, rich dad said to me, "Money and success make you arrogant and stupid. Now with some poverty and humility you can become a student again."

The reason I titled this book, *The Business school for People Who Like Helping People*, is because what many network marketing business are. They are business schools for people who want to learn the real-world skills of an entrepreneur, rather than the skills of an employee who wants to become a highly paid mid-level manager in the corporate world.

By attending some of the network marketing businesses trainings, I got to meet the leaders – leaders who were real-world business owners that started their businesses from scratch. Many were great teachers because they were teaching from experience and not from theory. Sitting through many of the business seminars, I often found myself nodding in agreement with their straight talk about what it takes to survive on the streets of the real-world of business. However, more important than teaching just real-world business skills, the leaders taught real-world mental and emotional attitudes that are required to be successful in the world. The education I found in some of the seminars was, priceless...absolutely priceless, especially for anyone who wants to transform into a butterfly.

After the seminars, I would often talk to the instructors. I was amazed at how much money they made not only from their businesses but also from their investments. Several made much more than many top CEOs in corporate America. They definitely made much more than the instructors I had while in a traditional business school.

Yet there was something else to these instructors. Although they were rich and did not have to teach, they had a passion for teaching, for helping their fellow human beings. One reason for their passion is because a network marketing business I based upon the leaders pulling people up, while a traditional corporate or government business is based upon only promoting a few and keeping the masses of employees content with a steady pay check. These instructors in the network marketing would were *not* saying, "If you don't perform, you lose your job." Instead, they were saying, "Let me help you do better and better." They also would say, "Take as long as you want to learn. As long as you want to learn, I'll be here to teach you. We're on the same team." To me that is the kind of business education I would want.

So when you are looking into a network marketing business seek out the people at the top, the people who are successful in the business, and then ask yourself if you want to learn from them.

Some of the more important real-life business subjects network marketing companies teach are:

1. An attitude of success
2. Leadership skills
3. Communication skills
4. People skills
5. Overcoming personal fears, doubts, and lack of confidence
6. Overcoming the fear of rejection
7. Money management skills
8. Investing skills
9. Accountability skills
10. Time management skills
11. Goal setting
12. Dressing for success

The successful people I have met in the network marketing business have developed these skills from the network marketing training programs. Regardless of whether you reach the top of the network marketing system or make much money, the training is of great value for the rest of your life. If the educational plan is good, it can improve your life for the better, maybe forever.

What Is Life-Changing Education?

The following is the diagram I created to explain what I mean by life-changing education. Notice that it is a tetrahedron, which means a four-sided polyhedron, more commonly know as a pyramid...and the pyramids of Egypt have survived for centuries. In other words, tetrahedrons or pyramids are very stable structures. Scholars have believed for centuries that universal law or nature operates in fours, in this case four sides. That is why there are the four seasons, which are winter, spring, summer, fall. For those who study astrology, there are four primary signs, which are earth, air, fire, and water. When I speak of life-changing education, the changes are again found in the number four. In other words, for true life-changing education to be effective, it must affect all four points of the Learning Pyramid: mental, emotional, physical and spiritual.



Mental Education

Traditional education focuses primarily on mental education. It teaches you skills such as reading, writing, and arithmetic: all very important skills. These are often called cognitive skills. What I personally did not like about traditional education was how it ignored the emotional, physical, and spiritual aspects of education.

Emotional Education

One of my complaints about traditional education is that it preys on the emotion of fear...more specifically, the fear of making mistakes, which leads to the fear of failing. Instead of inspiring me to fear, the teacher used the fear of failure to motivate me, saying such things as, "If you don't get good grades you won't get a high-paying job."

In addition, when I was in school, I was punished for making mistakes. In school, I emotionally learned to fear making mistakes. The problem is, in the real-world, the people who get ahead are the people who make the most mistakes and learn from them.

My poor dad, the schoolteacher, thought making a mistake was a sin. My rich dad, on the other hand, said, "Making mistakes is how we are designed to learn. We learn to ride a bicycle by falling off and getting back on again, falling off and getting back on." He also said, "It is a sin to make a mistake and not learn from it."

Explaining further, he said, "The reason so many people lie after making a mistake is because they are emotionally terrified of admitting they made a mistake...hence they waste an opportunity to learn and grow. Making a mistake, admitting it without blaming your mistake on someone else, or justifying or making excuses is how we learn. Making a mistake and not admitting it, or blaming someone else for your mistakes, is a sin." Recently we had a U.S. President who had extra-marital sex in the White House. In my opinion, what was worse than having extra-marital sex was that he lied about the affair when caught. Not only is lying a sign of weak character; it is also a waste of a good mistake – an opportunity to learn something.

In the world of traditional business, the same attitude toward mistakes prevails. In the world of business, if you make a mistake, you are often fired or punished. In the world of network marketing, you are encouraged to learn by making mistakes, correcting, and getting smarter mentally as well as emotionally. When I was learning to sell in the corporate world, the sales people who underachieved were fired. In other words, we live in a world of fear of failing, not of learning. That is why so many people in the corporate world remain caterpillars. How can a person fly when they live in a corporate cocoon wrapped tightly with the fear of failing?

In the world of network marketing, the leader's focus is to work with those who are not doing well and to encourage them to move up, not to fire them. You would probably never have learned to ride a bicycle if you were punished for falling off and given a failing grade in bicycle riding.

I am more financially successful than most people, not because I was smarter than most people, but because I failed more than most people. In other words, I got ahead because I made more mistakes. In network marketing, you are encouraged to make mistakes, correct, learn and grow. To me that is life-changing education. When you let go of your fear you can begin to fly.

If you are a person who is terrified of making mistakes and afraid of failing, then I believe a network marketing business with a great educational program is especially good for you. I have witnessed network marketing training programs that build and restore a person's self-confidence...and once you have more confidence, your life is change forever.

Physical Education

Simply put, people afraid of making mistakes don't learn much because they don't do much. Most people know that learning is really a physical process as much as it is a mental process. Reading and writing are physical processes, just as learning to play tennis is a physical process. If you have been conditioned to know all the right answers and not to make mistakes, the chances are your educational process is hampered. How can you progress if you know all the answers but are terrified of trying anything?

The network marketing companies I have studied all encourage physical learning as much as they encourage mental learning. They encourage you to go out and face your fears by taking action, making a mistake, learning from the mistake, and growing mentally, emotionally and physically stronger from the process.

Traditional education encourages you to learn the facts and then emotionally teaches you to be afraid of making mistakes, which holds you back physically. Living in an environment of fear is not healthy, mentally, emotionally, physically or financially. As I have stated before, I have more money not because I am academically smarter, but because I made more mistakes, admitted to making the mistake, and learned my lessons from the mistake. I then went on to make more mistakes...and I am looking forward to making more mistakes in the future...while most people are working hard to make no more mistakes in their future...which is why we have different futures. You cannot improve your future if you are not willing to try something new and risk making mistakes and learning from them.

The best network marketing companies encourage their people to learn something new mentally, take action, make mistakes, learn, correct and repeat the process. That is real-life education.

If you are afraid of making mistakes, but know you need to make some changes in your life, then a good network marketing program could be the best long-term personal development program for you. A good network marketing company will take you by the hand and guide you to a life beyond fear and failing. In addition, if you don't want your hand held, they won't hold it.

It has been said that if you want to change what a person does, change the way they *think*. Lately, more people are subscribing to the idea that if you want to change the way a person *thinks*, first change what they are *doing*. The great thing about a network marketing business is that it focuses on both what you *think* and what you *do*.

The trouble with traditional educational systems is that they punish you for doing the wrong thing, rather than correcting what you are doing.

Spiritual Education

First, I feel it important that I explain my personal views before going into this often hot and emotional topic. I use the word spiritual versus religious for specific reasons. Just as there are good network marketing companies and bad network marketing companies, in my opinion there are good religious organizations and bad religious organizations. More specifically, I have seen religious organizations strengthen a person spiritually, and I have seen other religious organizations weaken a person spiritually.

Therefore, when I speak of spiritual education, it may or may not include religious education. When I speak of spiritual education, I speak non-denominationally. When it comes to religion, I support the *Constitution of the United States of America*, which grants the freedom of religious choice.

The reason I am cautious about this subject is that I was told at an early age, "Never discuss religion, politics, sex, and money." In addition, I agree with that statement simply because these subjects can be volatile and emotional. It is not my intent to offend your personal feelings or beliefs but to support your rights to have them.

Beyond Human Limitations

When I speak of a person's spirit, I speak of the power that propels us past our mental, emotional and physical limitations...limitations that often define our human condition.

While I was in Vietnam, I saw young men wounded who knew they were dying, yet they continued to fight on so others could live. A classmate from school that fought behind enemy lines for most of his time in Vietnam said it most accurately when he said, "I am alive today because dead men kept fighting." He went on to say, "Twice I was in battles where I was the only one to come out alive. Your life change when you realize that your friends gave their lives so you could live."

On nights before a battle, I would sit at the bow of the aircraft carrier silently as the waves passed below. In these long moments of silence, I made peace with my soul. I realized that in the morning I would face death again. It was during one of these long evenings of quiet and solitude that I realized that to die the next day was the easy way out. I realized that living was in many ways much harder than dying. Once I was at peace with the possibility of either life or death, I could then choose how I wanted to live my life the next day. In other words, would I fly with courage or would I fly with fear?

Once I made my choice, I called on my human spirit to carry me through the next day, to fly and fight to the best of my ability, regardless of the outcome.

War is a horrible event. It causes people to do horrible things to other human beings. Yet it was in war that I also saw the very best of humanity. It was in war that I gained a sense of human power far beyond our human limitations. Moreover, we all have that power. I know you have it.

The good news is that you don't have to go to war to witness this power. One day while watching a track meet of physically challenged young girls and boys, the same human spirit touched me. When I saw young people, some without legs, sprinting with prosthetic legs, running with all their heart and soul, their spirit touched my spirit. Tears came to my eyes as I watched one young girl with only one leg running with all her heart. I could see on her face the pain caused by running on her replacement leg; yet her physical pain was no match for the power of her spirit. Although she did not win the race, she won my heart. She touched my human spirit and reminded me of what I had forgotten. At that moment, I realized that all these young people were running for all of us as much as they were running for themselves.

We are often reminded of the power of our spirit in movies. In the movie *Braveheart*, Mel Gibson rides in front of his ragtag band of Scottish farmers, terrified by the powerful British Army in front of them, and bellows from his soul, "They can kill our bodies, but they can't take our freedom." At that moment, he is speaking from his human spirit to theirs. By touching their spirits, he was overpowering their emotions of fear and doubt caused by lack of training and inferior weapons. He ignited their spirits to go on and defeat the most powerful army in the world.

I have noticed that the successful leaders in network marketing have been trained to develop this ability to speak to the human spirit. They have the ability to touch the greatness in those coming behind them and to inspire them to move up...to go beyond their human limitations, go beyond their doubts and fears. That is the power of life-changing education.

My rich dad often said to me, especially in times when I was out of money, out of self-confidence, and out of answers, "There are three people in all of us. There is a rich person, a poor person, and a middle-class person. It is your job to find out which ones come out." Rich dad also said, "The world of business and investing is made up of two emotions. They are greed and fear. The reason that most people are not rich is not because of greed, it is because of fear. If you want to become rich, you need to overcome your fear and fly." In my opinion, the best way to overcome your fears is by getting you back in touch with your spirit and that is what many network marketing companies do.

The word education means to *draw out*. One of the problems I have with traditional education was that it is based on the fear of failing rather than the challenges of learning from our mistakes. In my opinion, traditional education is designed to draw out the middle-class person in us...the person that feels insecure, needs a job, a steady paycheck,

lives in fear of making mistakes, and worries about what their friends might think of them if they do something different. The reason I support most of the network marketing companies and I titled this book, *The Business School For People Who Like Helping People*, is that the kind of education I found in network marketing companies was education that was designed to *draw out* the rich person in you. I value that kind of life-changing education.

By the way, Forbes magazine defines a rich person as someone who earns \$1 million or more per year. A poor person is defined as someone who earns less than \$25,000 a year. The question is not what you earn today. The question is, "Is your job training you to earn over \$1 million a year or more?" If not, you may want to seek better education.

In Summary

When I lost my first company, the nylon and Velcro surfer wallet business, my rich dad congratulated me. He said, "You've just paid for a multi-million dollar education. You're on your way to becoming very rich." He also said, "The reason most people never find the rich person inside of them is because the poor person still thinks it's bad to make mistakes."

To me the difference between the values found in *traditional* education and the value found in life-changing education is the difference between the values placed on learning from our mistakes versus punishing people for making mistakes, and placing value on the human spirit – a spirit powerful enough to overcome any lack of mental, emotional or physical talents.

The Next Value

My poor dad valued job security. My rich dad valued financial freedom. In the next chapter, we will discuss the value of changing from a person who seeks job security to a person who seeks financial freedom. It begins by changing quadrants. In other words, you will find out why changing jobs is not life-changing.

Value #3: Friends Who Will Pull You Up, Not Push You Down

“What will my friends say?” is a question or concern I hear many times while attending the educational seminars put on by a network marketing company. “They’ll think I’m crazy” is another often-heard concern.

For many people, even though the business opportunity made sense and they wanted to make changes in their financial lives, one of the biggest hurdles of all was what their friends and family would think if they started a network marketing business.

One evening, there was a single mom standing in front of a group of about 30 guests who came to hear about the business opportunity she found in net work marketing. The single mom was telling everyone about how her husband left, leaving her with the job of raising four children on her own. Rather than go on welfare, this brave young mother told the group about how she started a network marketing business and was today earning over \$60,000 a year part-time, raising her young children full-time. She told the group that the business had given her security, hope, control of her life and most importantly, time with her kids. In closing she said, “On top of that, in 10 more years I’ll be a millionaire because the business keeps growing. I could never have done that if I had kept my old job. I could never have done that without the support of the people in this business.”

For her, the money was not the most important thing. For her, the business had given her life back. She could once again dream dreams she had dared not dream for year. In a question-and-answer period, she said, “I can provide the college education for my kids, and they will not need to take care of me when I’m older. I will not be a burden to them. That is such relief. That is such peace of mind.”

As the evening broke up, I thanked the person who was in the business who invited me. Walking out the door I was asked by a young male business executive, who was also a guest, “What did you think?”

“I thought it was a great presentation,” I replied.

“Yes it was. But it sounds too good to be true,” he said as he searched for his keys in his briefcase.

“Why don’t you invest a little time and find out if it is true or not?” I suggested. “It might be just what you’re looking for.”

“No, I couldn’t do that. Do you know what my friends back at the office would think if I told them I was starting a network marketing business? They’d laugh their heads off. You know how guys are.”

Nodding, I smiled and replied, “Yes I know how guys are.” He climbed in his car, I climbed in mine, and we drove off into the night.

The Hardest Job of All

In 1976, my nylon and Velcro surfer wallet was launched. Two friends and I had started it from scratch, part-time, while working full-time for Xerox. I knew I could not stay with Xerox for long because the surfer wallet business was beginning to take off and more and more time was required. I can still remember telling a few of the people at the office that I would soon have to quit my job as Xerox and run the surfer wallet business full-time.

“You’re crazy!” said one of the more senior salespersons. “You’re going to fail.”

“You know how many people want to work for Xerox?” said another senior salesperson. “You have a great job, great benefits, good pay and lots of promotion opportunities. If you keep your nose clean, someday you could be a sales manager. Why would you risk losing such a great job?”

“You’ll be back,” said another salesperson. “I’ve seen countless people like you. People who think they’re hot shots. They leave the company, fail and come back with their tail between their legs...if they have any tail left.”

The group of six salesmen and two saleswomen laughed with that comment and went on talking about the new copier the company was coming out with, and after that they talked about who was going to win the baseball game that night. I realized I had talked to the wrong people about my business and about my dreams. I realized I was talking to people who would pull me down rather than push me up.

Years later, after the network marketing meeting when that young man said to me, “No, I couldn’t do that. You know what my friends back at the office would think if I told them I was starting a network marketing business. They’d laugh their heads off. You know how people are.” I knew exactly what he was talking about.

For me, the hardest part of leaving a secure job and starting a business was dealing with what my friends, family and co-workers would say or think. For me, that was the hardest job of all.

A Change of Quadrants, Not a Change of Jobs

How many times have you heard people say some of the following statements?

1. “I wish I could quit my job.”
2. “I’m tired of going from job to job.”
3. “I wish I could make more money, but I can’t afford to quit and start all over with a new company. And I don’t want to go back to school and learn a new profession.”
4. “Every time I get a pay raise, most of my raise is eaten up by taxes.”
5. “I’m working hard, but the only people getting rich are the owners of the company.”

6. "I'm working hard, but I'm not getting ahead financially. I've got to start thinking about retirement."
7. "I'm afraid technology or younger workers will make me obsolete."
8. "I can't keep working this hard. I'm getting too old for this."
9. "I went to dental school to be a dentist, but I don't want to be a dentist anymore."
10. "I just want to do something different and meet new people. I'm tired of wasting my time, hanging around people without much ambition and who aren't going anywhere. I'm tired of spending time with people who work just hard enough...so they won't be fired, and I'm also tired of working for a company that pays us just enough...so we won't quit."

These are often statements made by individuals trapped in one of the quadrants of the CASHFLOW Quadrant. These are comments often made by people ready to change quadrants. Unfortunately, rather than change quadrants, they just change jobs.

What Is the CASHFLOW Quadrant?

My second book in the Rich Dad series is *Rich Dad's CASHFLOW Quadrant*. Many people say that it is my most important book, especially for people ready to make changes in their life...a change far greater than simply going from job to job.

The diagram below is my rich dad's CASHFLOW Quadrant.



The **E** stands for "employee."

The **S** stands for "self-employed" or "small business owner."

The **B** stands for "business owner."

The **I** stands for "investor."

How Do You Know Which Quadrant You are In?

The way you know which quadrant you are in is simply from which quadrant your cash flows. For example, if you receive your income from a job and you receive a regular pay check from a company or business you do not own, then your cash flows out of the **E** quadrant. If you receive the bulk of your money from your investments, then you are an investor, a person from the **I** quadrant. If you are a small business owner, a specialist such as a doctor or lawyer, a commission-only person such as a real estate agent, then you are probably in the **S** quadrant. In addition, if you own a big business, a company or business that employs over 500 people, then you are in the **B** quadrant.

Different Quadrants, Different Values

Years ago, rich dad explained to me that different quadrants had different values. For example, even though a person in the **E** quadrant can be a janitor or the president of the company, they are united by the same set of core values. A person in the **E** quadrant, regardless if they are the janitor or the president, often thinks or says words such as, "I am looking for a safe, secure job with benefits." Or, "How much do we get for overtime?" Or, "How many paid holidays do we have?" In other words, *security* is a very important core value for someone in the **E** quadrant.

S Quadrant Values

For people in the **S** quadrant the core value is *independence*. They want their freedom and do what they want. When a person says, "I am going to quit my job and go out on my own," they are often heading from the **E** quadrant to the **S** quadrant.

People found in the **S** quadrant are small business owners, mom and pop businesses, specialists and consultants. For example, I have a friend who installs big screen televisions, phone systems and security systems for rich people's homes. He has a staff of three and is happy to be the boss of just three people. He is a hardcore, hard-working **S**. Commissioned sales people such as real estate and insurance brokers are in the **S** quadrant. The **S** quadrant is also filled with professional people such as doctors, lawyers and accountants who do not belong to a large medical, legal, or accounting firm.

The way you know a person in the **S** quadrant is, again, by their words. An **S** quadrant person will often say, "If you want something done right, do it yourself." Or, "I have the best products." If they had a theme song, it would be, "Nobody does it better." At the core of the **S**, behind the façade of independence, is often a lack of trust of other people...trust that someone can do it better than they can.

The way an **S** gets paid is often by commission or by the amount of time they spend on a job. For example, an **S** may be heard saying words such as, "My commission is 6 percent of the total purchase price." Or, "I charge \$100 an hour." Or, "My fee is cost plus 10 percent."

The **S** quadrant person is the John Wayne of business. You can hear them saying, "I'm going to do it on my own."

B Quadrant Values

People who start from nothing and build great **B** quadrant businesses are often people with powerful life missions, value a great team and efficient team-work, and want to serve and work with as many people as possible. Earlier in this book, I mentioned Thomas Edison, founder of General Electric; Henry Ford, founder of Ford Motor Company; and Bill Gates, founder of Microsoft, all of whom are **B**'s.

While a person in the **S** quadrant wants to be the best in their field, a **B** quadrant person often is looking for other people who are the best in their field to join his or her team. Henry Ford surrounded himself with people smarter than he was. An **S** quadrant businessperson is often the smartest person on a small team, for example, a doctor or a consultant.

When it comes to being paid, a true **B** quadrant person can leave his or her business and still get paid. In most cases, if someone in the **S** quadrant stops working, their income stops also. Therefore, a question you may want to ask yourself now is, "If I stop working today, how much income continues to come in?" If your income stops in six months or less, then chances are, you are in the **E** or **S** quadrants. A person in the **B** or **I** quadrants can stop working for years and the money will continue to come in.

I Quadrant Values

The **I** quadrant values *financial freedom*. The investor loves the idea of their money working instead of them working.

Investors invest in many things. They may invest in gold coins, real estate, businesses, or paper assets such as stocks, bonds and mutual funds.

If your income comes from company or government retirement plans, rather than your own personal investing knowledge, then that is income from the **E** quadrant. In other words, your boss or the business is still paying its bill for your years of service.

Words an investor might be heard saying are, "I'm receiving a 20 percent return on my assets," or, "Show me the company's financials," or, "How much deferred maintenance is on the property?"

Different Quadrants, Different Investors

In today's world, we all need to be investors. However, our school systems do not teach us much about investing. Oh, I know that some schools teach stock picking, but to me that is not investing. To me picking stocks is gambling, not investing.

Years ago, rich dad pointed out to me that most employees invest in mutual funds or savings. He also said, "Doctors are often the worst investors." He also said, "Just because you're successful in one quadrant, such as the **E**, **S**, or **B**, does not mean you will be successful in the **I** quadrant."

Rich dad also pointed out to me that different quadrants invest in different ways. For example, a person in the **S** quadrant might be heard saying, "I don't invest in real estate because I don't want to fix toilets." A person in the **B** quadrant addressing the same investment challenge might say, "I want to hire a property management company to fix my toilets at night." In other words, an **S** quadrant investor will think they have to do the property maintenance on their own and a **B** quadrant investor will hire another company to do their property maintenance for them. Different people, different mindsets, different quadrants, different values.

If you would like to find out more about the different people who are attracted to the different quadrants, you may want to read book number two in the Rich Dad series. *Rich Dad's CASHFLOW Quadrant*, for greater insights. As stated earlier, many people say *CASHFLOW Quadrant* is the most important book for people ready to make changes in their lives.

A Network Marketing Business Is a B Quadrant Business

Network marketing is for people who want to enter the world of the **B** quadrant. Why is it a **B** quadrant business: The answer is because the network marketing business system is designed to expand to well over 500 people. Also, the income potential in a network marketing business is, in theory, unlimited, while the income potential for the **E** and **S** quadrants are often limited to how much you as an individual can produce. In a network marketing business, you can earn as much as your network can earn. If you build a big network, you can earn a massive amount of money.

After you have built a large network marketing business, the next step is to move from the **B** quadrant to the **I** quadrant. At least that is what my rich dad recommended I do, and that is what I did. My fellow salespersons who scoffed at me leaving Xerox and starting my own business are still salespersons today. They never changed their mindset, their core values, and hence they never changed their quadrant. Today I know some of them are worried about losing their jobs and a few of them do not have enough money for retirement. In other words, they spent too much time in the **E** and **S** quadrants.

What Do You Want to Be When You Grow Up?

When I was a kid, my poor dad often said, "Go to school and get good grades so you can get a safe secure job." He was programming me for the **E** quadrant.

My mother often said, "If you want to be rich, you should become a doctor or lawyer. That way you'll always have a profession to fall back on." She was programming me for the **S** quadrant.

My rich dad said, "If you want to be rich, you should mind your own business." Rich dad recommended I learn to become a business owner and an investor.

When I return from Vietnam, I had to make up my mind on which dad I would listen to. Looking at the CASHFLOW Quadrant,



I had to ask myself this question: “In which quadrant do I have the most chance of financial success?” Knowing that I did not want to be an employee all my life, nor did I want to go to school to become a doctor or lawyer in the **S** quadrant, I knew that my best chances were in the **B** and **I** quadrants. I knew the **B** and **I** quadrants were best for me simply because I wanted to be a multi-millionaire and I did not want to take orders or work hard all my life in order to earn those millions of dollars. Today, I earn millions of dollars without having to go to work or work harder and harder. I work less and earn more because I use the power of networks.

Now it is *your turn* to look at the quadrants. The question you may want to ask yourself is, “Which quadrant or quadrants are best for me?”

One of the reasons many people fail to become successful in their lives is because they do not change quadrants...most people only change jobs. That is why you hear of people going from job to job, or people saying, “I’ve found the perfect job.” Even if they find the perfect job, they haven’t changed much because they haven’t changed quadrants.

A Change of Quadrants Means A Change of Values and Friends

One of the advantages of a network marketing business is that the business is filled with new people, some of which may become your new best friends. For me the hardest part of leaving Xerox was that most of my friends and family were in the **E** quadrant. They had different values than I did. They valued security and a steady paycheck and I valued freedom and financial independence.

If you are considering making a change of quadrants and are considering a network marketing business, you have a tremendous advantage over me. At least a network marketing business proves a large support group of like-minded people – people with their same core values, the values of the **B** quadrant – to assist you while you make your transition. All I had was my rich dad and his son to encourage me. Everyone else thought I was crazy, and maybe I was. However, to stay at the Xerox Corporation just because I needed job security and a steady paycheck was not enough of a reason for me to stay there.

The friends I left behind at Xerox are still great friends. They will always be great friends because they were there for me at a transition phase of my life. However, for me it was time to move on. If it is time for you to move on and the **B** quadrant is calling you, you may want to join a network marketing business and begin to meet new friends.

Which Quadrants Are Your Friends In?

Today, I have friends in all four quadrants. Yet my core friends are in the **B** and **I** quadrants. One of the challenges in communicating between people is that I am always aware of their values and their quadrant. I have noticed that when I talk about business or investing to a person in the **E** quadrant, they do not fully understand me or what I say

frightens them. For example, if I say to someone in the **E** quadrant, "I love starting my own businesses." They may reply, "Isn't that risky?" The point I am making is that we are speaking from different core values. What is exciting for me is frightening to someone else. So rather than frighten those in the **E** and **S** quadrants, I talk about the weather, sports, or what is on television.

Many people who are already in the network marketing business use my rich dad's CASHFLOW Quadrant as a way of explaining their business. They will draw the quadrant as I have below:



They will then explain the differences in core values to a person who might be interested in starting their network marketing business. Many of them report that by using this diagram, the potential new business owner finds it more comforting and more understandable. The new person has a chance to understand that they are making core value changes and are entering a business school to learn how to be a business owner rather than an employee.

While not all people will start a business, many people will appreciate your use of the quadrant, addressing the core values, and offering them time to make up their mind, rather than the hard sales pressure to start a business. If you will take time to look at the quadrant and weigh the pros and cons, I think you will know that making the change from one quadrant to another is more than a change of mind; it really is a change of core values, and changing values often takes time.

“Changing from one quadrant to another is a change of core values.”

One of the reasons I believe network marketing is so difficult to explain is simply because there are very few people who are successful in the **B** quadrant. Most people, due to our schools and family values, are in either the **E** or **S** quadrants. In fact, I would estimate that 80 percent of the population is in the **E** or **S** quadrant. I would also say 15 percent are in the **I** quadrant and that less than 5 percent of the population are genuinely in the **B** quadrant. In other words, there are very few Thomas Edison's and Bill Gates' running around the planet. Many famous CEOs are **E** quadrant people, not **B** quadrant people. For example, the famous Jack Welch, former CEO of General Electric, was still an employee of General Electric. Granted, he was a brilliant leader, but the business owner, the founder of GE, was a school dropout named Thomas Edison. Edison had the vision and the drive to start something from nothing and turn it into a giant business.

Repeating what I have said, very few people have actually been around a true **B** quadrant leader. Therefore, when people come to hear about a business opportunity from a network marketing business leader, they often have no idea how big an opportunity they are looking at. Being around **E**s and **S**s most of their lives has not allowed them the luxury of thinking that big, so many fail to see the true size of the opportunity being offered. At an early age, I was fortunate enough to have my rich dad to expand my mind to the power of a **B** quadrant business. That is why I have only had a job for four years of my life. I had no plans on being an **E** or an **S** when I grew up. I knew the quadrants I wanted to live in were the **B** and **I** quadrants.

If you decide to start a network marketing business and are talking to a friend, take the time to explain to them the quadrants and why you made your own personal quadrant change. If you take the time to explain the quadrants to them, they may be far more supportive than if you just blurt out, "I am starting a part-time business with a network marketing company." As I said, the reason the business is often so hard to explain is that so few people know anyone in the **B** quadrant. All most people have around them are **E** and **S** quadrant friends and family. So be patient and use the quadrants to explain your new perspective on life. In addition, who knows, if you are patient and do a good job explaining the changes you are going through, they might just join you on your journey. Just let them know that the journey is a process, not a get-rich-quick-scheme, and the journey may take years. If you are serious, I recommend a five-year plan.

Five-Year Plan

I am often asked, "Why a five-year plan?" The following are my reasons:

Reason #1: It took years for Starbucks to be built. It took years for McDonalds to be built. It was years before Sony became an entertainment giant. In other words, it takes years to build great companies and great business leaders. Most people do not think in terms of years. Most people think in terms of immediate gratification and getting rich quick. That is why there are so few people in the **B** quadrant. Most people want money but are unwilling to invest their time.

As stated earlier, learning is a physical process...and physical learning sometimes takes longer than just mental learning. For example, you may decide to learn to ride a bicycle, but the physical learning process may take longer than the mental decision to learn to ride a bicycle. The good news is that once you learn physically, you generally have learned something forever.

Reason #2: On the other side, unlearning is also a physical process. There is a statement that goes, "You can't teach an old dog new tricks." Well thankfully, we are humans and not dogs. Yet there is some truth to the idea that the older we get, it is sometimes harder to unlearn things we have spent years learning. One of the reasons so many people feel more comfortable in the **E** and **S** quadrants is because they feel comfortable and secure there. After all, they spent years learning how to be there. So, many people return there because it is comfortable, even though that comfort is not good for them in the end.

Take your time to both unlearn as well as learn. For some people, the hardest part of switching from the left side of the Quadrant to the right side of the Quadrant is to unlearn the point of view of the **E** and **S** quadrants. Once you have unlearned what you have learned, I think the change will go much faster and easier.

Reason #3: All caterpillars make a cocoon before becoming butterflies. Flight school was my cocoon. I entered flight school as a college graduate and exited flight school, a pilot ready to go to Vietnam. If I had gone to a civilian flight school, I doubt if I would have been ready for war even though I was a pilot. What we had to learn as military pilots is different from what civilian pilots have to learn. The skills are different, the intensity of training is different, and the reality of going to war at the end of the training makes things different.

It took me nearly two years to get through basic flight school in Florida. I received my wings, which meant I was a pilot, and I was then transferred to advanced flight training at Camp Pendleton, California. There we were trained to fight more than to fly. I will not bore you with the details, but at Camp Pendleton, the training escalated in intensity.

After we had finished flight school and became pilots, we had one year to prepare to go to Vietnam. To prepare, we flew constantly, flying in conditions that tested us mentally, emotionally, physically and spiritually...again all four points of the Learning Pyramid.

About eight months into the program at Camp Pendleton, something changed inside of me. During one training flight, I finally became a pilot who was ready to go to war. Up to that point in time, I was flying mentally, emotionally and physically. Some people call it "flying mechanically." On that one training mission, I changed spiritually. The mission was so intense and frightening that suddenly, all my doubts and fears were forced out of the way, and my human spirit took over. Flying had become a part of me. I felt at peace and at home inside the aircraft. The aircraft was part of me. I was ready to go to Vietnam.

It was not that I had no fear...for I did. The same fear about going to war was still there. The same fear of dying or, even worse, becoming crippled was still there. The difference was that I was now ready to go to war. My confidence in myself was greater than the fears. In addition, this same type of life-changing education is found in many network marketing businesses.

My process of becoming a businessperson and investor has followed much the same process as becoming a pilot ready to go into battle. It took my failing twice in business before I suddenly found my spirit...a spirit often called the "entrepreneurial spirit." It is a spirit that keeps me on the **B** and **I** side no matter how tough things get. I stay on the **B** and **I** side rather than slipping back to the safety and comfort of the **E** and **S** side. I would say it took me 15 years to gain the confidence to feel comfortable in the **B** quadrant.

I Still Use the Five-Year Plan

When I decide to learn something new, for example, investing in real estate, I still allow myself five years to learn the process. When I wanted to learn how to invest in stock, I again gave myself five years to learn the process. Many people invest once, lose a few dollars, and then quite. They quit after their first mistake, which is why they fail to learn. My rich dad would say, "A true winner knows that losing is part of the process of winning. It is only the losers of life who think the winners never lose. A loser is someone who dreams of winning and does everything possible to avoid making mistakes."

Today I still give myself five years to make as many mistakes as possible. I do this because I know that the more mistakes I make and learn from...the smarter I will be in five years. If I make no mistakes for five years, then I am no smarter than I was five years ago. I am only five years older.

My Journey in the B and I Quadrants Has Not Ended

Personally, I have been on the journey for years and I still have lost to learn. I will probably be on the journey for the rest of my life. The good thing is the more I learn, the more I earn and the less I have no work. If you or your friends have the idea that you can start a network marketing business and expect to start making money right away then you are still thinking like a person from the E or S quadrants. People in the E and S quadrants are the one who most often are sucked into the get rich quick schemes and scams of life. If you are serious about starting your journey, I would recommend committing to a minimum of five years of learning, growing, changing your core values and meeting new friends. To me, those changes are far more important than a few extra bucks.

In Summary

In summary, the advantage of a network marketing business is that not only does the business provide a great business education the business often provides a whole new world of friends – friends who are going in the same direction as you and share the same core values as you do. To me, that kind of friendship is priceless. I know that I would not have made the journey if I had not met some great friends along the way.

P.S. If you should use the CASHFLOW Quadrant in your explanations, I would appreciate it if you gave credit to my rich dad for coming up with such a simple explanation of the four different people found in the world of money, business and life. Years ago, my rich dad's quadrant showed me the way to a world my poor dad did not know existed. I hope the quadrant does the same for you.

What Quadrants Are You, Your Friends, and Your family In?

Before moving on to the next chapter, you may want to take a moment to assess those closest to you and their quadrants.

Person	Quadrant (E, S, B or I)
Father	_____
Mother	_____
Spouse	_____
Brothers (<i>list by name</i>)	_____
_____	_____
_____	_____
Sisters (<i>list by name</i>)	_____
_____	_____
_____	_____
Friends (<i>list by name</i>)	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

What quadrant are you in today and which quadrant(s) do you want to be in tomorrow?

	E	S	B	I
Your Quadrant Today	___	___	___	___
Your Quadrant Tomorrow	___	___	___	___

What is your plan to change quadrants? How do you plan to gain the education, experience, and change in core values?

The Next Value

The next chapter contains the value of building a network of friends who become business owners.

Value #4: What is the Value of a Network?

In 1974, while working for the Xerox Corporation in Hawaii, I was having a difficult time selling a product known as the Xerox telecopier. I was having trouble selling the telecopier because it was a new product. Not only was it a relatively new product, but a commonly asked question was, “Well, who else has one?” In other words, having a telecopier had no value without someone else having a telecopier...a network of other telecopiers. Today most people have never heard of a telecopier, but most people have heard of a fax machine.

As more and more people began using these new fax machines, the value of the telecopier went up, and sales became much easier. I spent four years struggling to sell these new machines, investing a lot of time explaining what they were and how a business could use one. Today every business and many homes have one. Today, instead of spending hours trying to explain the benefits of a telecopier, people just choose the model they want. Very little explanation is needed except on how to use the machine. The point of this discussion is that the value of telecopier, or fax machine, went up in value once it became a network. That is why this chapter is on the value or the power of a network.

Metcalfe’s Law

Robert Metcalfe is one of the people credited for creating the Ethernet. He also more recently founded the technology company 3Com Corp. He is also credited for defining Metcalfe’s Law, which is:

$$\text{A Network's economic Value} = \text{Number of Users}^2$$

Stating Metcalfe’s Law in simpler terms, If there exists just one telephone, that since telephone really has no economic value. The moment there are two telephones, according to Metcalfe’s Law, the economic value of the phone network is now squared. The economic value of the network would go from zero to two (squared) or four. Add a third phone and the economic value of the network is now nine. In other words, the economic value of a network goes up exponentially, not numerically.

“The economic value of a network goes up exponentially, not numerically.”

The John Wayne Businessman

During my father’s generation, John Wayne was the role model for success. John Wayne portrayed the rugged individual who needed no one else to get the job done. Even the way John Wayne treated women was in the “Me Tarzan...you Jane” stereotype of

relationships. Television programs during that period, such as *Leave It To Beaver*, showed Ward Cleaver (Beaver's father) going off to work with June Cleaver (Beaver's mother) waiting at home, being the dutiful wife, cooking and cleaning until her *knight in shining armor* – her husband – came home with the pay check.

While many things have changed since those 1950s movies and television shows, many old business ideas from that era still exist. Today, I still hear people say, "I'm going into business and I'm going to do it on my own." To me, the *doing it on your own* idea is the John Wayne idea of how to get into business. Earlier I wrote that when most people say they are going into business to *do their own thing*, they often move from the **E** quadrant into the **S** quadrant rather than the **B** quadrant. Today the **S** quadrant is the home of the rugged individual, the John Wayne quadrant of business.

A Franchise Is a Network

In the 1950s a new type of business model began to emerge, a business model known as a *franchise*. Some of the more famous names in franchising are McDonalds, Wendy's, etc. Today franchises are widely accepted. Yet back in the 1950s many old-thinking business people – the John Wayne's of business – criticized franchises, some even calling them illegal. Today, wherever I travel the world, I see the famous franchises such as McDonalds in Beijing, South Africa, and in very remote places. Today the world has embraced franchises.

Simply put, a franchise is a form of business network made up of multiple business owners working together. Today we all know a McDonald's franchise owner has much more horsepower than the rugged individual who starts his or her own hamburger stand. If a McDonald's locates near the rugged individual's independent hamburger stand, chances are the rugged individual is soon out of business even though John Wayne can fry a better hamburger.

As in any new business startup, a new franchise is not very valuable until it has more and more franchisees. I remember seeing the first Mail Boxes Etc. and wondering what it was. Suddenly the company had explosive growth through adding franchises. The same is true with Starbucks. Years ago, I began hearing about this tiny coffee company with a funny name that operated coffee carts in Seattle. Today I see Starbucks everywhere I go. In New York, they seem to have a Starbucks on every corner. While this incredible growth has been primarily through company-owned stores, not franchises, this is another example of Metcalfe's Law at work.

In my neighbourhood, a small packaging and mail shop that had been in business for years was forced out of business when a Mail Boxes Etc. franchise opened up in the same shopping center. The same thing happened to a small coffee shop operator. The small coffee shop went out of business, losing to Starbucks, even though the small coffee shop had great coffee. Again, the rugged individual loses to the networker.

The Second Type of Networked Business

In the 1970s, a new type of networked business began to take off. That business is the business this book is about, a networked business that today is known as network marketing. Instead of a network of franchised businesses, it is a network of franchised individuals. In other words, it's a personal franchise. This new type of networked business has also come under much criticism when it first became popular and millions of people began to get into the business. The business continues to be criticized. Yet in spite of all the criticism, the network marketing industry continues to grow faster than franchises or traditional big businesses.

One of the reasons most people cannot see the rapid growth of network marketing is simply because network marketing is in most cases an invisible business. Unlike signs that shout McDonalds or Starbucks, most network marketing franchises operate discreetly out of homes or small offices. On top of that, many successful network-marketing franchises make far more money than most franchises.

Big Business Is Now in the Network Marketing Business

At the start of this book, I listed some of the products or services that are now delivered through a network marketing distribution system. This list includes products such as legal services, tax services, telephone services, cosmetics, vitamins, clothing and even real estate. One of the more surprising things I found out once I opened my mind is the number of major corporations such as Citibank, AOL Time Warner and Berkshire Hathaway that have network marketing business operations. Once I opened my mind, I realized that I had only been hearing the criticisms of network marketing from people who were not in the business. I could not see the business as it is truly a virtual business, which means it is invisible, so I could not see the growth of the industry. I could only hear the complaints from old-style business people, or the John Waynes of business. The reason the industry continues to grow is the power found in Metcalfe's Law.

Harness the Power of Metcalfe's Law

The beauty of network marketing is that it has made available to the average individual – people like you and me – the power of Metcalfe's Law...but you must obey the law. If you follow the principle of the law, just affiliating with a network marketing company is a good start, but that act alone does not entitle you to harness the power. It would be like you buying a telephone, but you are the only one with the telephone.

“Your job is to clone or duplicate someone just like you.”

In order for you to harness the power, your job is to clone or duplicate someone just like you. The moment there are two of you, your economic value is squared. The value of your network has just gone from zero to four. The moment there are three of you, the economic value of your network goes from four to nine. If the two people you bring in

also develop two more people each, the economic value of your network begins to look like a rocket taking off for the moon. Instead of working hard numerically, your economic value begins to grow exponentially. This is the power and the value of a networked business.

Over time, a successful networker has the potential to out-earn most professional people such as doctors, lawyers, accountants, and other rugged individuals. The difference and the power are explained through Metcalfe's Law: a very important value of a network marketing business.

In the previous chapter, I talked about the value of new friends. If you will invest a little time and explain to them the CASHFLOW Quadrant, asking them which quadrant they want to invest their time in, and then explain to them the power of Metcalfe's Law, I believe you will have a person who is far more receptive to the business opportunity you are presenting. You may also want to explain the fact that network marketing is the fastest growing business model in the world today, even though they cannot see it because it is virtual or invisible.

Building a network marketing business is simply looking for friends, new and old, who want to go in the same direction you want to go. Just look at it as if solving a math problem. Let's say you bring 10 people, 10 new friends into the business. The value of your network is now worth 100, not 10. If those 10 people bring in 10 people each, the value of your business explodes. As I said at the start of this book, my mind was closed to network marketing when I first went to a business opportunity meeting in the early 1970s. I did not realize the power of the business opportunity sitting in front of me. Today I have seen the light. If I had to do it all over again, rather than build an old-style type of business, I would have started building a network marketing business.

A Better Idea That Costs Less to Get Into

Instead of building a network marketing business, I spent millions of dollars, and sometimes lost millions of dollars, building an old-style type of business. While I do not regret my journey of learning how to build an old-world type of business from scratch, I can now faithfully say to you that building a network marketing business makes more sense for most people – especially if you do not have millions of dollars to build an old-style type of business or hundreds of thousands of dollars to buy a famous franchise. Simply put, a network marketing business, with its low cost of entry and great training programs, is a far better idea – it is an idea whose time has come. The network marketing business is exploding worldwide. All you have to do is open your mind and you will see it. You cannot see it with your eyes because there is very little to see. There are no golden arches or green mermaids beckoning you to come into their place of business. The business of network marketing has exploded throughout the world and very few people can see it.

The Future of Networking

Although the business has grown immensely, now is the time to get into the network marketing business. Why do I say that? I say that because the world has finally awakened to the idea that the Industrial Age is over and we are officially entering the Information Age. Big businesses such as General Electric and Ford Motor Company are Industrial Age businesses. Franchises such as McDonalds are transition businesses between the Industrial Age and the Information Age. Network marketing businesses are truly Information Age franchises simply because they run almost solely on information rather than on land, factories and employees.

When I was a kid my parents always said, "Go to school, and get good grades, so you can get a secure high-paying job with benefits." That is classic Industrial Age thinking. My parents truly believed in job security, a company pension and medical care as well as government Social Security and Medicare. Those are all old ideas from the Industrial Age. Today most of us know job security is a joke, and lifetime employment with one company is not a reality for most people. Then you add in retirement plans such as a 401(k), filled with risky stocks and mutual funds, the idea of retirement security is also a joke. Today, people need new ideas and systems where they can find the financial security our parents once had. One answer is network marketing. The more people wake up – and many are after the September 11th terrorist attack and the stock market crash – the more people will realize that network marketing is a new answer for a world with less and less security. Network marketing gives millions of people throughout the world the opportunity to take control of their lives and their financial future. That is why the network marketing industry will continue to grow, even though old-world thinkers fail to see it growing.

In Summary

Years ago when I was a young salesman trying to sell the first telecopiers – today known as fax machines – I had a lot of trouble selling the machines simply because so few people had one. As the numbers grew, the sale became easier and easier. The more fax machines there were, the more valuable the machine became. That is the power of Metcalfe's Law.

Today the same struggles in selling the idea are true with network marketing. Years ago, many people laughed at network marketing. Many bad-mouthed the industry, giving it a bad name. I know I did. Today, with all the changes in the world, the future for the network marketing industry is only getting brighter. As stated earlier, many major corporations today have a network marketing division. Network marketing has finally become a mainstream business even though very few people realize it...yet. So even though your friends or co-workers cannot see the opportunity, all you have to do is open your mind and you will see the power of Metcalfe's law. You will see the power of networks... the power that is right in front of you now. All you have to do is say, "I want the power of networks working for me."

The Next Value

In the next chapter, I will discuss the number-one business skill a person must have if they are to be successful in the real world of business. The beauty of network marketing is that it reaches you this very valuable skill you can use to increase your wealth for the rest of your life.