

# ROBERT KIYOSAKI

A portrait of Robert Kiyosaki, a middle-aged man with dark hair, smiling and looking slightly upwards and to the right. He is wearing a dark jacket with red stitching and a blue floral pattern on the shoulder over a black t-shirt. The background is a plain, light-colored wall.

## SMART...OR JUST LUCKY?

ROBERT'S SIMPLE LESSONS IN ENTREPRENEURSHIP

Job security. It's a nice concept, but in reality it's an illusion.

Some people stay in their 9-to-5 job because they love what they do. But too many people stay in a job that doesn't fulfill them because they mistakenly believe it means "security."

Well, I'm here to tell you that there's no such thing as job security anymore. Few people work their entire career at the same company. And very often the job changes that move people from company to company are beyond their control. Layoffs, early buyouts, furloughs—all of these can feel like a gut punch to your life plans.

So what's the remedy for insecurity? Taking control of your life by running the company that pays your paycheck.

I'm not advocating a corner-office coup at your work. I'm saying you should tap into that dream you've had in the back of your mind for years, screw up the courage to make the leap, and start your own business.

I'm saying it's time for you to become an entrepreneur.

At The Rich Dad Company, we know things about entrepreneurship. We've been down this path and want to help you navigate your way to success.

The first lesson? Expect some detours.

You probably found this eBook because you've heard of the book *Rich Dad, Poor Dad* and heard about other products from our company. Maybe you've read it and found its principles to be true.

*Rich Dad Poor Dad* is inarguably one of our top-selling products. But it wasn't our first. It wasn't the idea that launched the business that we've built.

That first idea? It was a board game called CASHFLOW® 101. That game taught people about investing and personal finance.

It also taught us a lot about how to run a business.

You see, we had a great idea for a product but no plan how to sell it. We had 1,000 of them made, with only one order for 200. So we were looking at 800 games sitting there and we realized that we had to figure out a way to promote it.

I decided to write a brochure to promote the game, and that brochure eventually grew into *Rich Dad Poor Dad*. We had no idea the book would be the success that it is, but what a great ride it has been.

There were two big lessons we took away from that CASHFLOW® 101 experience:

1. There's just no way to learn what it really takes to run a successful business other than jumping and doing it.
2. Knowing how to sell your idea is a crucial part of being an entrepreneur.

Had we been stubborn and stuck to the idea that we were only a board game company, we would've missed out on the phenomenal growth and fantastic experiences that came about because of that book.

We were committed to a mission—helping people become financially literate—and not to a product. That helped us pivot to ideas we maybe hadn't considered in the beginning but that still aligned with that mission.

It's what keeps us growing today, and it's the mindset every entrepreneur needs to have.

If you have an idea, if you have a dream, if you want to put it into action—and you're tired of being told what to do and want to take control of your life—starting your own business might be the best job security you can have.

And this might be the moment to go for it.

Do you have what it takes?

## Never Too Young

Being an entrepreneur has nothing to do with your age, your gender, where you live or how much schooling you've had.

It's the drive, the creativity, the undeniable urge to turn your dream into a viable business. And it's also about having the eyes to see opportunity when it arises. That skill knows no age limit.

My wife, Kim, and I once saw a news story about a 14-year-old girl in Florida. She started saving money by going to garage sales and antiques sales, picking up things people had discarded on the curb and putting it all on Craigslist.

She managed to save \$6,000 doing this. Let's stop a minute to make sure you're not missing two key points here: She didn't need a lot of startup money to get going (much of the items she resold were things people were throwing out), and she was creative in sourcing her materials. Keep these two points in mind.

You might think a teenager with \$6,000 is going to start looking for a car to drive. But no, this girl started looking at rental homes for sale.

She found a house that was valued at \$100,000 but was priced at \$16,000. This was 2012, so a lot of homes were

being foreclosed or sold for far below their original value.

This girl was smart, though. She knew she could get it for even less. So she talked them down to \$12,000. But of course, she's 14 and can't get a loan. So her mom became her partner and put up the other \$6,000.

So now she had her first rental property, and I saw other news stories that she had gone on and acquired another property.

Remember, she was 14. Any excuse you have for not investing where you need to be investing, for not taking the action you need to be taken, is not good enough. Because hey, if a 14-year-old in Florida can do it, so can you.

So what's your excuse again?

## Never Too Old

If you started to reply to that question that you're too close to retirement, that it's too late in your career for a big switch, that you just can't take the risk—I'm here to tell you those reasons don't hold water.

There have been several recent studies that show that Baby Boomers are starting companies at a faster pace than ever before. Specifically, people in the 55- to 64-year-old group are creating new businesses at a higher rate than those in their 20s and 30s.

Some call that phenomenon the "Silver Startups."  
I call it smart.

One reason for the trend is that people are realizing that there's more to life than just the workplace. The Great Recession brought a lot of people to their knees and forced



them to reconsider what they were doing. They asked themselves, “Is what I’m doing worth it?” And for many people, the answer was, “no.”

Maybe a layoff made them rethink their career plans, or maybe they just realized that we only have so many years on Earth and they didn’t want to waste any more making someone else’s business dream come true. They want to find a pursuit that is more about their quality of life and what matters to them.

Boomers—both as entrepreneurs and as consumers—are putting their money where their values are. It’s a shift worth paying attention to.

So what does that mean for you if you’re in this age group? It means you’re running out of excuses for not jumping into your dream.

Need some examples of people who didn’t hit their stride until midlife or later? Momofuku Ando, the man who invented instant ramen and changed college students’ lives forever, didn’t do so until age 48. Rodney Dangerfield didn’t catch a break until an appearance on “The Ed Sullivan Show” at age 46. The man we know as Colonel Sanders was 62 when he franchised Kentucky Fried Chicken. Speaking of franchises, Ray Kroc bought into McDonald’s at 52 and turned it into the world’s biggest fast-food business. Henry Ford was 45 when he created the Model T Ford. Julia Child didn’t publish her first cookbook until age 50. After a career at places like NASA and IBM, Jack Cover became an entrepreneur at age 50 and invented the Taser gun. Laura Ingalls Wilder’s first book wasn’t published until she was 65. The examples go on and on.

Maybe you’re wrapping up your career and realize you’re not ready to retire yet. You’ve got a lot of hard-earned knowledge and skills—and those are key in a knowledge-based economy.

We need workers with know-how and skills perfected over a lifetime. And very often those are the folks with the gray hairs.

But many people in this age group don't see it this way. They think, "Am I going to be irrelevant? Am I too old?" They think because they're older, they can't be a thought leader. That's simply not true.

So being older is no excuse for not chasing your dream. If not now, when are you ever going to get around to doing it?

## A Word For Women

One of the few bright spots during the Great Recession was the state of women-owned businesses. While job growth at men-owned or equally-owned businesses declined, women-owned businesses added about 274,000 jobs from 2007-2014, according to labor statistics.

Depending on which source you use, women own between 30 and 50 percent of all privately-held businesses in the U.S., employing more than 13 million people and generating almost \$2 trillion in sales.

Which is all great. But one startling stat is that nearly all—close to 90 percent—of women-owned businesses make less than \$100,000 a year.

Why is that? Some say it's because many of those women aren't the primary breadwinner and are just trying to make a few extra dollars while raising young children.

That might be true for some, but I think it's also because a lot of women don't have the "big picture" when they start out. They don't begin their enterprise thinking, "This is going to be a million-dollar business."



I don't know if that's because our society raises girls differently or what. I don't really care how we got here; I just want to make sure that all entrepreneurs—men and women—start out thinking big.

No one should waste your time — including yourself. Why bother with a dream if you're not going to let it grow? Don't put limits on what you can accomplish. Sure, most businesses start small, but make sure you have your target ambitiously high.

Your dream is worth taking all the way.

## What's The Goal?

Let's make one thing clear before we go further: Having your own business isn't easy. It doesn't mean working fewer hours. There will likely be more flexibility in your schedule, but if the only reason you're going into business for yourself is because you think you'll have more free time, you should rethink your plans.

But for those of you who want to start your own business because you have a burning dream you want to bring to life, then read on.

One of the things that makes it easier to stick through those long hours and hard work is to have a clear purpose, a set of clearly-defined core values that anyone who joins the team or buys from your business can understand and feel in the day-to-day workings of the business.

So figuring out what that mission is, what you're aiming at, is your starting point. It's what will power you through the obstacles, and it will give your future team a rallying cry.



You also need to figure out a business plan. Are you doing this on your own? Are there going to be other principals? Who is doing what, exactly? Who makes the ultimate decisions?

It's good to flesh out your business plan as much as possible, but don't stall here. Don't worry about getting it so perfect that you never actually begin the business. At some point you must make the leap.

Let's get into how you know when to do that.

## When to Jump

Maybe you've been laid off and don't have to make the choice of when to quit your day job to explore a new venture. Your schedule is already freed up, so you might as well try the thing you've been dreaming about for years.

But for those who are still employed, it can be a scary thing to decide to leave it behind, on purpose, to make the leap.

My advice? If you can, don't quit. Not yet. Start your business as a part-time job—you might as well get used to working nights and weekends for a while. It allows you to get a feel of whether it's going to be successful before you stake your entire income on it.

But at a certain point, that dream ceases to be just a dream and becomes a business. When you find yourself only thinking about your new business even when you're at your full-time job—and when you start feeling like your day job is a waste of time because you could be better spending the money on your new business—you're getting closer to the moment of the big leap.

When the new venture starts pulling in some income, when you can start seeing that upward trajectory, when your gut instinct is telling you it's time—then it's time to screw up your courage and make the jump.

That's a big clue about your priorities in life: The things you think about all the time are the things that are important to you. So when you can't stop thinking about your new business, you know you're getting closer to making it a priority — and a reality.

Notice we haven't talked about startup costs. Don't fool yourself into thinking you need to invest thousands upon thousands in your new business. Remember that 14-year-old in Florida? She raised her initial capital through creativity, hard work, and a willingness to consider the value in what others thought worthless.

Granted, she only needed to raise a few thousand. But the lesson applies, whether you're starting a video business or a national real estate company, or any other endeavor where you might convince yourself you need to buy a lot of equipment or supplies.

How much can you accomplish with almost no upfront costs? What favors can you call in to borrow equipment or expertise? Take people out to lunch who are succeeding in the field you want to conquer; pick their brain. What do they regret spending money or time on in the beginning? What do they wish they'd done differently, or what turned out to be a successful move for them? You can save yourself a lot of trouble by learning from someone else's experience.

Once you have that bare-bones start, remember to keep it lean while you build the business. Create a little test market for yourself before you invest too much time or money. See what works. Trust your gut. Adjust accordingly.

## Other Tools in Your Kit

### *Education:*

The best way to learn to become an entrepreneur is to become an entrepreneur. But that doesn't mean you can't take some steps to prepare yourself.

The learning never ends when you become an entrepreneur. No matter your age, but especially if you are trying to become an entrepreneur at a young age, you need to make sure you have the skills that will be needed.

In some cases, that might mean going back to school and making sure you're prepared for the challenges and opportunities of the 21st century.

For others, it might be enough to find mentors who can guide you. Make sure you vet potential mentors. Are they trustworthy? Are they successful doing what you want to learn to do? Do they practice what they preach?

Evaluate what your weakest spot is and seek someone out in your community who could speak wisdom into that weakness. Even if it's just a one-time meeting and not an ongoing relationship, for the cost of a lunch you might gain a few nuggets of information that could help move your business to the next level.

### *Salesmanship:*

For many people, that weakness is not knowing how to sell. If selling frightens you more than anything else, either find a mentor to help you work through your fear or think twice about becoming an entrepreneur. Owning a business is all about sales—either selling your actual products, or selling your skills or expertise.

Invest some time (and perhaps a little bit of money) in taking workshops on selling, or reading successful books about it, or joining a group of like-minded businesspeople who can share what works for them. Conquer selling and you're halfway to achieving your entrepreneurship goal.

### *Resilience:*

I once heard about a study some researchers did on people who lived to be more than 100 years old. They found a few common factors that may be the key to their longevity — and which I think are key to your venture's success and its longevity.

One of those factors we've already touched on: a mission or sense of purpose. As people, we know we need a reason to get up in the morning. What is your business's reason for getting up in the morning? And "to turn a profit" isn't the kind of reason I'm looking for here. What is the bigger purpose of the company? What problem is it trying to solve? Figure that out and you keep your business vital.

The second factor was optimism. If you don't believe things are going to improve—that your business is going to see greater sales next year, or reach more people, or make bigger breakthroughs—then what's the point? Having that sense of optimism can keep the blood pumping through your business.

The third factor is resilience. Hard times are going to come, maybe sooner, maybe later. Hard times don't mean your business is destined to be a failure. The key thing is how well you recover from a setback. Do you get up one more time than you're knocked down? Do you have that sense of fight in you? That resilience is the muscles and the spine behind your business.

A mission, optimism and resilience: Combine those three and you've got the longevity factors identified in that study. And

I'd add one more when it comes to applying this to business: Showing up. You've got to show up. You've got to just do it.

## **Don't Stop Before You've Started**

In the work that we do at The Rich Dad Company, we talk with a lot of people about taking control of their financial lives and business.

We hear a lot of excuses: "I don't have the time. I'm too busy." "I'm not smart enough." "I don't have the money."

On one side are the excuse-makers, and on the other side are the people who seem like they're making progress—they read a lot of books, they go to a lot of seminars, they do their research—but they never take that first step. They never take action. So in reality they're the same as the excuse-makers: They're not going anywhere.

It's not a bad thing to educate yourself, to take some time to do research and figure out how you want to approach your business.

But make sure you're not hiding behind your research to-do list. You're never going to know everything before you start.

Remember, the best way to learn what it really takes to run a successful business is to just jump in and do it. So at some point in your preparation, you have to say to yourself, "It's time."

Too many people say they're going to start a business but they need to write a business plan first, or finish their MBA, or learn how to (fill in the blank). But then it's five years later



and they're still writing that business plan or saying they still plan to go back to school.

Good intentions don't count for much in the business world. You've got to jump in and get things done.

There's a saying, "Do what you love and the money will follow." That can be true—but the missing part of that is, "... if you work like crazy." Just doing the thing you love isn't enough. You've got to hustle, you've got to sell, you've got to work harder than the next person. Otherwise, we'd all become millionaires eating ice cream and watching TV.

There's also a thing that some people call incubation, and others might call leg time. The main thrust is that the money may come someday, but you don't know when. So you have to keep working away at your dream and believing it will come (remember that key factor of optimism?) until it finally does. Entrepreneurs have to have that mission and that optimism because the road to success is often a very long one. Overnight success usually takes decades to achieve.

Some people think our book *Rich Dad, Poor Dad* was an overnight success. Now, we didn't expect it to have the kind of success that it did, but it was also the result of decades of hard work. Some 20 years of business experience went into that book.

If someone had told us at the beginning that it was going to be 20 long years to get to that point, it might've been too daunting — but on the other end of it, I can say it has been the most rewarding thing we could've done. We've experienced personal development at the same time as the business growth that has totally changed our world.

All of the same might be true for you. There might be a mountain of challenges ahead that you must surmount before you find success. All I can promise is that if you keep

at it, if you don't lose that optimism and resilience, you're going to experience some awesome things.

## It's Time

On my very first date with my now-wife, Kim, in 1984, I asked her what she wanted to do with her life. She replied, "I want my own business." She had just been let go from a job where she thought she knew all the answers. (She'll admit that herself.)

I told her that I'd started a few businesses and could help her with that. A few months later, she had her first business, had designed a logo and put it on products that she sold at business conferences. That experience — not a business degree — was where she started learning about entrepreneurship. And we've started many businesses in the years since.

One of the problems with our nation's economic outlook is that we need more entrepreneurs. We need to make it easier to do business here.

Until that happens, though, it's up to you to navigate the challenges of starting your own business.

So what's your dream? What's the purpose of the business you've hatched in your head?

Maybe you've just been laid off and suddenly have the unexpected chance to remap your life. Or maybe you just can't stop thinking about this idea of yours and know that if you don't give it a try, even part time, you'll always wonder if you could've made a run of it.

Figure out your dream, and suss out the "why" of it. If we hadn't had at the core of our business, the mission of teaching people and increasing their financial literacy, we





might've stopped at the board game and never explored the path that led to the book "Rich Dad, Poor Dad" and all the success that it has brought.

What's your dream? What's your why? And who in your world might have the expertise or experience to help equip you to get it moving?

Don't let fear or excuses or even over-planning stop you. You're never too young or too old to start making your dream a reality.

And don't forget to dream big. Don't be like so many who start a business without setting the target high enough. Don't settle for a minor level of success. Be bold. Dream outrageous dreams. See just how much you can accomplish.

Entrepreneurs need ideas, a purpose, optimism, and resiliency. But above all of that, they need to work hard. They need to stubbornly refuse to accept defeat. They need to be committed to their dream.

Being an entrepreneur isn't easy. There's no one right way to approach the challenges. The only thing you can do is try. Try, and then pivot and try something else if that doesn't work.

Don't give up. Except in very rare instances, success isn't likely to happen in the first five minutes. Or maybe even the first five months. Keep going. Keep striving. Keep working hard toward your goal.

Surround yourself with smart people, with supporters, and even occasionally with a naysayer who will make your dream stronger by pointing out its weaknesses.

All of our lives are a work in progress. If your first attempt doesn't work, try something else. If your first attempt does work, keep going — and raise the bar.

You just never know what's possible unless you try. And the fact that you're reading this book right now tells me that at least part of you knows the time has come to make the leap.

Get ready, because your world is about to change.

And get moving. It's time.

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