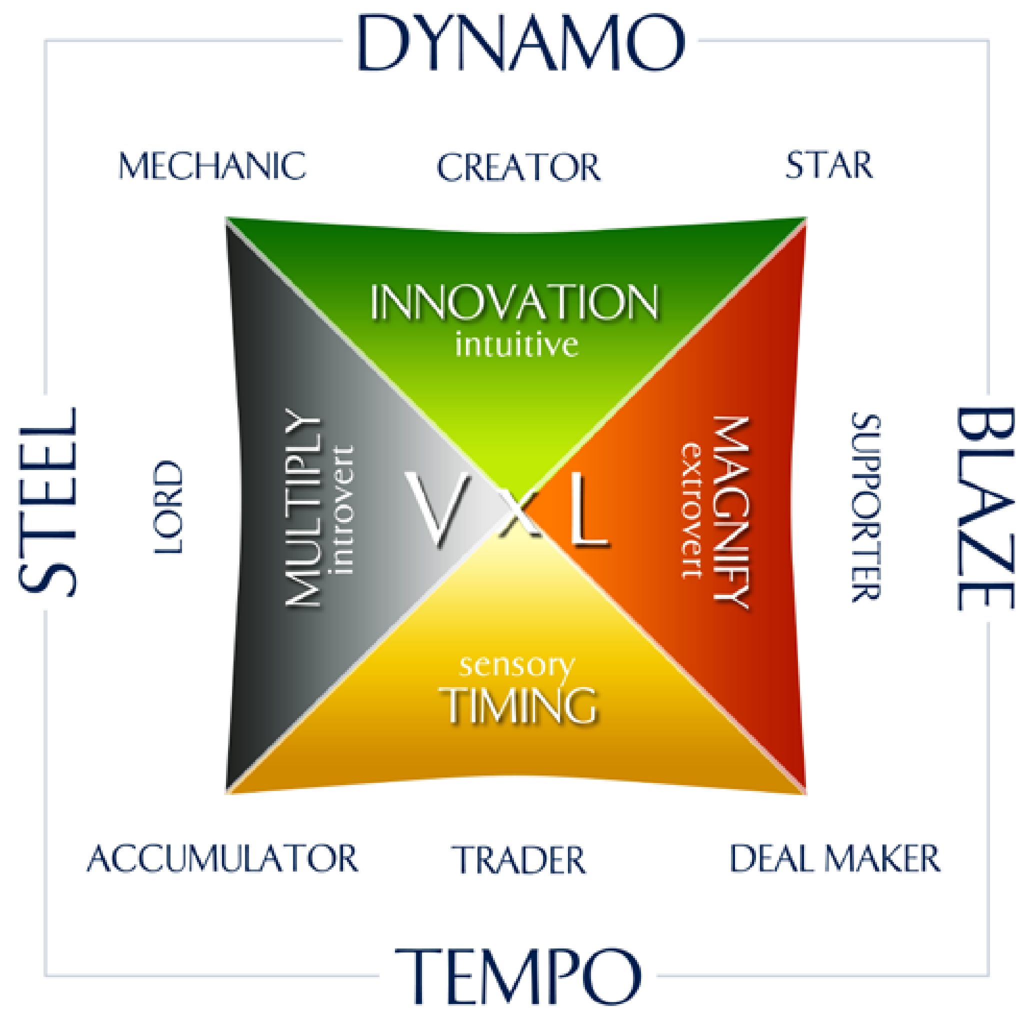
# WEALTH DYNAMICS
*eGuide*



# Foreword

Imagine a race in which the runner takes off full of energy and enthusiasm. He is intent on winning, and for the first few moments he enjoys the breeze in his face and the feeling of progress. He feels he is making good headway and even begins to enjoy the view. However, after a while he thinks ahead to the finish line, and he wonders how far away it is. Then he wonders exactly where it is. He realizes that he has no idea. You see, in his excitement to get going, he never thought to ask anyone for a map.

No matter how much energy and enthusiasm you may have, without certainty of where you are going and how you will get there, you will soon lose momentum. In such times, many of us seek motivation to keep us going. My approach has not been to seek motivation, but to seek certainty – to seek direction. Once you have clarity about your path, then your momentum will reach new levels to get you there.

Wealth Dynamics will give you this clarity. It is based on the life experiences, successes and failures of many who have run the race before us. It covers the journeys of those who we admire today for what they have achieved.

Wealth Dynamics is not just *one* path to wealth creation, but *every* path – of which *your* path is one.

Roger HAMILTON

# Introduction

***Why does wealth appear so elusive? Why do some people seem to create wealth so effortlessly, while others struggle just to stand still? Why do so many of us lose money as fast as we make it?***

How hard can it be to make a million dollars when globally every hour $4 billion dollars changes hands as goods and services are exchanged for money. – that's *more than one million dollars every second.*

Since you began to read this chapter, forty million dollars of new value has been exchanged for cash. Within ten hours, the entire net worth of the World's richest man will have come and gone. Within a day, the capital value of the World's largest company will have flowed right by.

How hard can it be to make a million dollars if a million just flew by in that last second?

This E-Guide is about the money that flows around this planet - and how it flows to some of us more than others. It's about why some of us attract no more than a trickle, while others have become skilled at carving their own roaring rivers.

This E-Guide introduces the first comprehensive model for the understanding of individual wealth creation. If you want to know why billionaires become billionaires, I believe you will find many answers are included in this E-Guide.

If you want to know what you should do to accelerate your own wealth, read on. Take your time, but don't take too long. After all, as you read, the world continues to spin by at the rate of a million dollars a second.

## UNDERSTANDING THE CONTRADICTIONS OF WEALTH CREATORS

When we look at the wealth creators carving the biggest rivers of wealth, it doesn't take us long to notice that they appear to be taking entirely different approaches. At the time of writing, Bill Gates, founder of Microsoft, is the wealthiest man in the world with a staff of close to sixty thousand. Warren Buffett, Chairman of Berkshire Hathaway, is the second wealthiest man with a team of fourteen. Richard Branson, founder of the Virgin Group, has become one of the

UK's best known entrepreneurs with over three hundred and fifty companies (and two books). J.K. Rowlings, author of the Harry Potter series, has made a fortune in the last eight years with six books (and one company)…

Their advice differs as much as their paths. Meg Whitman, CEO of EBay and one of the wealthiest women in America, advocates always adapting to the customer's needs while Henry Ford, who took his Model T car to a phenomenal 48% market share famously said "A customer can have a car of any color they want, as long as it's black". Warren Buffett insists on a detailed understanding of any company he invests in, saying "Risk comes from not knowing what you are doing." whereas Ray Kroc, who built McDonalds so successfully, said "If you're not a risk taker, you should get the hell out of business."

Who do we listen to and whose principals should we follow? Should we be accessible at all times like Donald Trump or should we play hard to get like Tiger Woods? Should we venture into new countries like Branson or simply trade their currencies like George Soros (and save the airfare)?

Making sense of the many approaches to wealth creation can be compared to making sense of the different games on ESPN. Each has different rules, different teams, and different strategies. Only by understanding the games can we listen to the soccer player say "Kick the ball, don't pick it up" and the basketball player say "Don't kick the ball, pick it up" and realize they aren't contradicting each other, they're just playing different games.

Success comes from knowing which game to play, and then playing that game – and only that game. Each of us has a game that is most suited to our own natural habits and talents. So how do we find out which game to play?

# WHAT IS WEALTH?

***"I have enough money to last me the rest of my life, unless I buy something."***

- Jackie Mason

## THE WEALTH PARADOX

First things first: What do we mean by wealth? Being wealthy is not the same as being rich. If we were to take a room full of random people, and give each a million dollars, that does not make them wealthy. Within six months, many will have lost the money. Within two years, most will have lost most of the money – and only a few would have ended up with more.

Why is it that so many people who inherit a fortune or win the lottery end up losing all that money and end up back or even further back than where they started?

Evelyn Adams won the New Jersey lottery not once but twice, in 1985 and 1986. All $5.4 million of winnings has now gone – mostly into Atlantic City slot machines - and Adams now lives in a trailer saying "I wish I had the chance to do it all over again. I'd be much smarter about it now." William "Bud" Post won $16.2m in the Pennsylvania lottery. He invested in a car and restaurant business and within a year he was $1m in debt and went on to declare bankruptcy. To make matters worse, his brother was arrested for hiring a hit man to assassinate him so he could claim the winnings for himself. "Bud" now lives on Social Security saying "I wish it had never happened. It was totally a nightmare."

While many of us would deny that we would be quite so careless, why is it that so many of us continue to work so hard, earn so much and still have so little to show for it?

There is a peculiar paradox that many of us come across as we make more money. This paradox ensures that being 'rich' without having built wealth remains a terribly temporary condition.

We call this the wealth paradox: The more money you have, the more opportunities you have… to lose it.

***The Wealth Paradox:***

## *"The more money you have, the more opportunities you have …to lose it."*

Losing money is not a problem when you don't have any to lose, but as we find ourselves with excess cash (or debt), many new opportunities open up – and we spend it or invest it in areas where we have little experience and little idea of the pitfalls ahead: *Our confidence exceeds our competence, and the money disappears.*

So why are we so busy trying to make money when, after we finally get it, we're likely to lose it anyway?

Even more frustrating, why is it that for people who we would consider wealthy, no matter how much their money or business gets taken away from them, it comes right back again?

The story of Donald Trump is legend: After building a property empire in the 1980's (largely on deals leveraged with a high level of debt financing) when the market turned in 1990 Trump was no longer able to make interest payments leaving him with $3.5b in business debt and a further $900m in personal debt to contend with. This means that you and I were around $900m wealthier than Trump in 1990. Even so, in the following decade Trump reversed the situation and by 2005 he had a net worth of $2.7b on the Forbes 400 Rich List.

Many wealth creators have faced challenges where they have lost a substantial amount of money, business or both – but they bounce back again and again.

The Wealth Paradox separates the temporary nature of money with the permanent nature of wealth. Whatever money you have, it will eventually fall – or rise – back to your level of wealth. This leads us to the definition of Wealth used in Wealth Dynamics.

# THE DEFINITION OF WEALTH

This guide is not about making money, but about creating wealth. Having a clear definition of wealth is not just useful but necessary if that is our focus. As a result of the Wealth Paradox, we cannot simply equate wealth to money. So if wealth is not how much money you have, what is it?

***My Definition of Wealth:***

***"Wealth is not how much money you have. Wealth is what you're left with when you lose all your money."***

Growing wealth enables you to continuously attract money and opportunities in the same way that growing a garden enables you to continuously attract the birds and butterflies.

## THE NET & THE GARDEN

Using the analogy of money being as tricky and transient as butterflies is quite useful. It allows us to draw a clear distinction between the strategies of those who are busy trying to make money (The Net) compared to those who are building wealth (The Garden):

### The NET

You want to catch butterflies, so you decide to build a net. Surely, with a net you can catch them more easily! You read books on the subject and you practice skills in butterfly catching. You find that you are making improvements. Your net gets bigger and smarter and gradually you do catch more butterflies, but there is something wrong.

You find that after many years of this strategy you still need to wake up every day and go out to catch more butterflies. You need to hold on to the butterflies you have caught, or they will fly away just as quickly. The more butterflies you have, the more difficult they are to hold on to. You are constantly in fear that the butterflies will disappear, or that someone with a bigger net will beat you at your own game.

When the butterflies do disappear, you're left with nothing.

I know of many people who have become experts at sales, marketing, management, customer service and still struggle to make money. We all know of people who have learnt the strategies of successful stock market traders, property investors and serial entrepreneurs and are still left funding their losses. They carefully follow the strategies they learn, and then remain baffled as to why they do not attract the same opportunities, resources and sheer luck of their role models. These are people who are trying to make money without first building wealth.

They are trying to chase butterflies with a net.

### The GARDEN

On the other hand, wealth creators don't worry about building a net. Instead, they grow a garden. By focusing on creating an inspiring garden, they are growing something permanent around themselves. As the garden grows, the butterflies come. As time goes by, you find that the effort to manage the garden falls as the number of butterflies rise. In fact, the butterflies, birds and bees end up pollinating your garden for you. You don't fear butterflies leaving, as there are always more coming.

If anyone takes your butterflies away, there will be more the next day.

Every successful wealth creator is focused entirely on building their wealth foundation ahead of their money making activities. They have built a reputation, a powerful network, a knowledge base, a resource base and a track record. This is their garden, and it has been built not around their expertise, but around their passion. Every day, they wake up to their passion – not an empty net.

In a recent speech to a group of students, Warren Buffett said:

***"I may have more money than you, but money doesn't make the difference. If there is any difference between you and me it may simply be that I get up every day and have a chance to do what I love to do, every day. If you learn anything from me, this is the best advice I can give you."***

## ATTRACTING MORE BY MOVING LESS

Warren Buffett attracts billion dollar butterflies because he is specific in what his investment company, Berkshire Hathaway, wants to invest in: He repeatedly says he is looking for businesses with consistent earning power, good return on equity, little debt, good management and that he understands… between $5 billion and $20 billion in size. He promises complete confidentiality and quick response. He doesn't have to go chasing the business. They come to him. Consequently, he has described his acquisition strategy like this: "It's very scientific. Charlie (Vice Chairman of Berkshire Hathaway) and I just sit around and wait for the phone to ring. Sometimes it's a wrong number."

Each wealth creator has stopped chasing opportunities and chosen to build a wealth foundation around their specific passions and talents. As the American industrialist, Andrew Carnegie said “The men who have succeeded are men who have chosen one line and stuck to it.”

As we’ll see, this doesn’t mean sticking to a particular profession, industry or even country. It does mean sticking to your wealth profile. As a result Buffett attracts the right deals that suit Berkshire Hathaway, Branson attracts the right businesses that suit Virgin and Jack Welch - as CEO of GE and one of America’s best known leaders - attracted the right people who suited his leadership team.

Each different profile has a different value that creates this attraction – a different garden they are tending to. Welch used this metaphor when talking about his role at GE: “My main job was developing talent. I was a gardener providing water and other nourishment to our top 750 people. Of course, I had to pull out some weeds, too.”

# THE WEALTH EQUATION

*"Try not become a man of success,*
*but rather try to become a man of value."*
- Albert Einstein

## THE RIVER OF WEALTH

There are a million dollars a second flowing around this planet as a result of our wealth creation. Great wealth creators have achieved their wealth not by chasing this flow but by redirecting some of this flow through themselves.

Wealth then, is largely about good plumbing.

Every great wealth creator has achieved this flow by creating their own river. As with the butterflies, the water in the river is temporary – but as with the garden, the river is more permanent.

A river is a poetic metaphor of wealth. Within it lies a fundamental principle: Flow. Each of us creates our own greatest wealth when we are in our own personal flow. Those of us who build a river around this flow attract our greatest wealth in the same way that a stick thrown in a river will naturally be attracted to the greatest flow. Another benefit of the river metaphor: It provides us with a visual understanding of the Wealth Equation, which lies at the heart of Wealth Dynamics.

## SCULPTING THE RIVER

When I was 27 years old, I had the chance to work with the team that had taken Dell Computers international. In 1987, a 22-year old Michael Dell opened a Dell office in England. Andrew Harris headed the international operation and brought in a good friend, Martin Slagter, to run the UK and Europe operations.

By 1992, Dell's sales had grown to $2b, from $60m six years earlier. However, 1992 proved a critical year for the company, when a series of crises led to the company posting its first quarterly loss. Dell brought in new management and both Harris and Slagter left the company in 1993. They left with stock options that they cashed in, making them both multi-millionaires, and they used their new cash to start an exciting new venture in the UK and US, Hand Technologies.

Hand Tech was at the cutting edge when I joined it in 1995. They were leveraging on something new – the Internet – to sell computers with the aid of a network of reps who tended to be the 'techies' that people in each community would already be going to for advice on what PC to buy. Through Harris and Slagter's industry contacts, they had deals with Microsoft, Compaq, HP and Apple, to sell their PC's online long before these giants were doing so themselves.

I became the General Manager for the UK and we quickly grew to over 1,000 reps in the first year. The team was intent on learning from the management mistakes that they had seen Dell make. We assembled a seasoned board of advisors, invested in cutting-edge systems, implemented tight financial controls. But somehow there seemed to be something amiss…

While we were leveraging like crazy – on our vendors, our reps, the Internet – and appeared to be clocking some impressive growth, we did not have the kind of attraction that Dell had. After the first twelve months it seemed we still had to work just as hard to sell the next PC or recruit the next rep even though we were over ten times bigger – and we were still a long way off from making any money.

Slagter and I began to focus at our core value proposition: Why weren't customers beating a path to our door? Our vendor margins and rep commissions didn't let us sell at Dell's prices. The service we promised from our reps we couldn't control. The reliability from our vendors – despite them being brand names - we couldn't guarantee. Meanwhile Harris, based in Austin, kept focused on faster leverage, saying "The profits will come when we reach critical mass. The critical mass will come once we've built our brand."

From 1995 to 1997, we had phenomenal growth, with over 10,000 reps selling from the Hand Technologies website and two successful rounds of funding. But the cost of acquiring each new rep and each new sale seemed to be going up, not down.

Meanwhile, Dell – even with its ongoing management and production problems, had grown from $2.9m in sales in 1993 to an astounding $12.3b in 1997 – and it had been profitable in every quarter.

Whilst we could dismiss a phenomenon whereby lottery winners were losing their fortunes and put it down to carelessness, here was a far more baffling situation. From all accounts, Dell was continuing to have management and production issues, while we seemed to have a well-functioning team. Yet Dell continued to grow and attract new business at a phenomenal rate, and we had to fight for every penny.

Why is it that we all know of some businesses that seem to be run so well – with great management, nice systems, happy customers – and yet they still lose money? Why is it that we also know of businesses that seem to have one issue after another, yet more customers and more money keep flowing through the door at a dizzying rate?

In early 1997 we held a strategic meeting in Austin (which is also Dell's headquarters). Slagter returned from a visit to the local dry cleaners visibly distressed. He had met a Dell staff member who he had hired years earlier who had told him what his current stock options in Dell were worth. Slagter did his sums on the trip back to the office, saying "If I had sat on a beach with my Dell stock options instead of starting Hand Tech, I'd be twenty times richer today."

To rub salt in the wound, Dell had finally 'discovered' the Internet months earlier, allowing customers to configure and buy their custom-made PC online. Sales quickly grew to $1m a day, eclipsing the results we were achieving. While we were still struggling to fill our muddy pond with buckets, Dell had come by and with one simple gesture carved $1m-a-day of extra width into his wild, raging river.

I left the company in 1997 and traveled to Asia to start my next venture and Hand went the way of so many dotcoms, succumbing to the Wealth Paradox and closing shop in 2000, out of cash and out of luck. Meanwhile, Michael Dell has gone on to weather all manner of set-backs – many far larger than the ones we faced – and ended up fourth on the 2005 Forbes 400 with a net worth of $18b and a company which is now the World's largest PC manufacturer.

What set the two approaches apart? While we were busy focusing on the hundreds of tasks in our business, Michael Dell kept focused on one – perfecting his direct model. The value of his low price, fast delivery, reliable service model attracted an ever-increasing flow of customers, and cash, that gave him the resources to get things right in all other areas of his business – in good times and bad.

Our plan, team, systems and financing counted for nothing if none of us were focused on playing the game of creating value, and leveraging. During those painful years, while Dell was busy playing his game, we never even found the pitch.

Every successful wealth creator has kept to this focus of playing their game: focusing on creating value, and then leveraging. This is what creates the money flow. This is the Wealth Equation.

# THE WEALTH EQUATION

Wealth creation is not about making money. It's about creating flow. The Wealth Equation explains the plumbing:

## WEALTH = VALUE x LEVERAGE

Money flow follows the same principals as water flow in a river. The two variables of the river that will determine the water flow at any particular section are the height and the width (or more accurately the area of it's cross section - width x depth). Similarly, the two comparable variables that make up wealth and that will determine the money flow are value and leverage. Here's why:

## VALUE

Water will always flow from high ground to low ground and always in that direction. The height differential will determine the speed of water flow at any one time. If you double the height of the river, you double the speed of water flow.

Similarly, money will always flow where there is a value differential, and always from high value to low value. Imagine I decide to sell my watch for $1,000. That means I don't value it as much as $1,000. You decide to buy it for $1,000. That means you value it more than the money. As a result, you get my watch and your money flows from you to me. If a buyer and seller chose a watch of double the value, then $2,000 would have flowed. Double the value, and you double the money flow.

## LEVERAGE

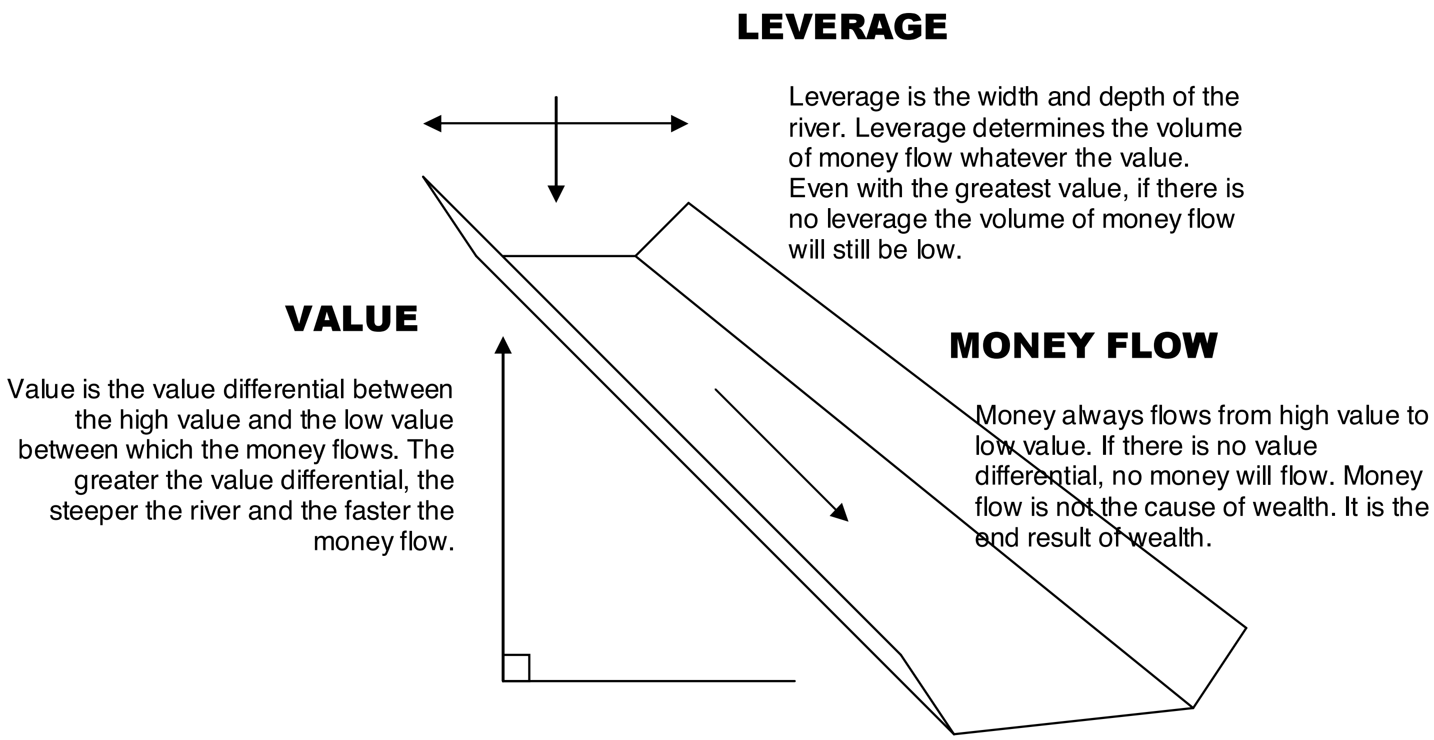
Value on its own does not make the river. A river also needs width. In the 1980's, Bill Gates did not have the most valuable software, but he was better at leveraging it. While Steve Jobs at Apple was coming up with innovation after innovation in his software (Apple introduced the mouse and graphic user interface years before Microsoft switched from MS-DOS to windows), Gates was encouraging the growth of the entire PC market to distribute his software.

While Jobs insisted that Apple software could only be used on Apple computers, Gates positioned Microsoft as a software company serving all PC's with a common operating system and software platform. As a result, the entire PC industry grew by leveraging on his products, and he could focus all his efforts on developing his software products while Jobs was diluting his efforts by trying to develop the software, the hardware and the distribution channel simultaneously.

Whereas value gives the river a gradient, leverage gives the river width. Whereas value determines the speed of money flow, leverage determines the volume of flow at that speed. In the 1980's while Jobs was trying to create a Niagara Falls, Gates had carved a Mississippi.

By 1985, Jobs had lost his place at Apple, ejected from the company he started by his own Board members. Gates, in 1986, took Microsoft public giving him an instant $236m fortune. Jobs changed his strategy and made a billion dollars not once, but twice.

## THE RIVER OF WEALTH



### The Wealth Formula

# WEALTH = VALUE x LEVERAGE

**INNOVATION** | **2 POLARITIES OF VALUE** | **TIMING**

**Value created through new products, systems, ideas**

**Value created by buying low, selling high, timing the deal**

**MULTIPLY** | **2 POLARITIES OF LEVERAGE** | **MAGNIFY**

**Reducing to lowest level: "How can this be done without me?**

**Increasing to highest level: "How can this only be done with me?**

# THE OPPOSITES OF VALUE

While value creation is a pre-requisite to money flow, there are two opposites to value creation: Innovation and Timing, and these are related to the two opposite thinking dynamics: Intuitive thinking and sensory thinking. Every successful wealth creator taps into their natural dynamic. If you do not follow your natural dynamic, wealth creation will feel like hard work. (And if it feels like hard work, you are already doing the wrong thing).

## INNOVATION

All value is created from the way we think. Some of us are born with what we call 'high-frequency' thinking, which is often called 'intuitive' thinking. Intuitive thinkers love coming up with new ideas and putting them into action. Bill Gates, Michael Dell and Walt Disney have all mentioned their natural creativity when they were younger.

We all have some element of intuitive thinking, but some of us have it more than others. Those who are constantly tapping into this 'high-frequency' thinking are often described as having their 'head in the clouds'. They can see the big picture, but often miss the detail. They are not as focused at what is there, but at what could be. They create value through one of the two opposites of value creation: Innovation.

***Intuitive thinking creates value through innovation***

Innovation means creating something new of value – something bigger, faster, cheaper, smaller, smarter, better. Wealth creators such as Bill Gates, Jeff Bezos, Richard Branson and Oprah Winfrey create their value through innovation. Their innovation has been focused at creating new products, new systems, new businesses or a unique brand.

In every case, for each of the wealth creators above, the time invested in this one activity has been their number one priority from the beginning - to the extent that in every case, each one of these individuals has delegated other aspects of their business so that they can focus as much time as possible on their natural way of creating value, and leveraging it.

## TIMING

On the other hand, while Bill Gates has amassed a $51b fortune innovating at the cutting edge, Warren Buffett has grown a $40b fortune without touching anything high tech at all.

The opposite of 'high-frequency', 'intuitive thinking is 'low-frequency', 'sensory' thinking. While intuitive thinkers create value by having their head in the clouds, sensory thinkers create value by having their ear to the ground. Sensory thinkers do not need to create anything new because they have an innate sense of timing. Why create anything if you know when to buy low and sell high? Warren Buffett, George Soros and Rupert Murdoch are all individuals who are known for seeking out patterns and opportunities that others miss.

Some of us have a more natural tendency towards sensory thinking than intuitive thinking. Sensory thinkers are alert to their surroundings and pick up signals that intuitive thinkers miss. Whereas intuitive thinkers always feel the need to push forward, sensory thinkers know that sometimes the best thing to do is to do nothing. They create value through the other opposite of value creation: Timing.

### *Sensory thinking creates value through timing*

Timing means creating value by acting at the right time. Wealth Creators such as Warren Buffett, George Soros, Rupert Murdoch and Donald Trump have created value through their investments, trading and deal making rather than by creating anything new.

Some people believe that creativity and timing can be taught. There is no doubt that you can work at improving both, but if it is not your natural frequency to begin with, in the heat of the moment you will fall back on your old habits. I have met many people who have used their natural creativity and optimism to build successful businesses only to then trade these earnings – unsuccessfully – on the stock market. That same creativity and optimism had led to awful timing, and they lost much (if not all) of the money they had reinvested.

Some even acquired sophisticated trading systems to support their trades. Ultimately, successful trading does not come from a system, but from good timing which is not so easily bought. When asked about his trading style, George Soros, the World's most consistently successful traders with a net worth of over $7b said "My peculiarity is that I don't have a particular style of investing or, more exactly, I try to change my style to fit the conditions. I think my analytical abilities are rather deficient… I am not a professional security analyst. I would rather call myself an insecurity analyst."

As we will see, some of the wealth creators above - such as George Soros and Warren Buffett – are so clear on their own focus that they have stuck to their focus even in the face of public criticism. Others – such as Steve Jobs and Martha Stewart – have deviated from their core focus and paid the consequence (until they got back on track).

## THE OPPOSITES OF LEVERAGE

Some people think that leverage alone can create wealth: "Leverage other people's money, time, expertise or knowledge, and wealth can be yours!" This could not be further from the truth.

Leverage has the power to massively accelerate the money you make, and the money you lose. Leverage itself simply ensures a multiple output for every input – positive *or* negative.

If you have hired a team and then failed to find the value in their time, you will have ended up worse off than when you started. If you have raised money through financing and then failed to extract the value in that money then you will have ended up in trouble. *There is only one thing that you can leverage to create wealth, and that is value.*

Ensuring you find value *before* you leverage and then being careful to leverage *that value* is essential.

In the same way that there are two opposites of value there are also two opposites of leverage: Multiply and magnify, and these are related to the two opposite action dynamics: Introvert and extrovert. Here's how they work:

## MULTIPLY

People who have a more introvert action dynamic naturally internalise and analyse their course of action, in comparison to people who have a more extrovert action dynamic and work through consultation with others. Introverts are process-oriented and leverage by multiplying.

### *Introverts leverage by multiplying*

The way to multiply is to ask the question "How can this happen without me?" Multiplying is about making things as simple as possible and then making many. Wealth Creators such as Henry Ford, Warren Buffett, John D Rockefeller and Ray Kroc have leveraged through multiplying, whether through their systems, investments or franchises.

Introverts will always keep things simple while extroverts tend to make things appear more complicated. In his 1989 letter to shareholders, Warren Buffet said "After 25 years of buying and supervising a great variety of businesses, Charlie and I have not learned how to solve difficult business problems. What we have learned is how to avoid them."

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## MAGNIFY

People who have a more extrovert action dynamic on the other hand are more likely to be found out socializing than studying a spreadsheet. In fact, many extroverts have gotten themselves in trouble when, having created a successful business, they have tried to systematize it.

Extroverts are not process-oriented. They are people-oriented, and they leverage in a manner that is the complete opposite of multiplying. They leverage by magnifying.

### *Extroverts leverage by magnifying*

The way to magnify is to ask the question "How can this only happen with me?" Magnifying is about making things as complex or unique as possible so that you become indispensable. Wealth Creators such as Martha Stewart, Oprah Winfrey, Jack Welch and Donald Trump leverage by magnifying, whether through their unique brand, leadership or deal making niche.

Introverts multiply: leveraging effectively where they are most comfortable – in the background. Extroverts magnify: leveraging effectively where they are most comfortable – out in front.

# HOW TO FIND A BILLIONAIRE

The front page of a Dec 2005 issue of Business Week entitled "Googling for Gold" declared that the Internet company, Google, has five billionaires and over one thousand millionaires. This reinforces a fundamental truth: *If you want to find a billionaire, just look for a large group of millionaires, and the billionaire will be the one in the middle.*

Every great river is surrounded by tributaries. When a new source of value or a new form of leverage is found, it soon becomes clear that the wealthy do not become wealthy by making others poor. They become wealthy by making others wealthy.

This is possible because one person's value becomes another person's leverage.

Those playing the game understand this intuitively. For example, the people with the best products will look for the people with the best systems, and vice versa. Bill Gates sells more software by leveraging on Michael Dell's PC's and Michael Dell sells more PC's by leveraging on Bill Gates' software. JK Rowlings sells more Harry Potter books by leveraging on Jeff Bezo's Amazon.com and Jeff Bezo gets more customers by leveraging on JK Rowlings' books.

In fact, the value in Amazon.com's system allows *all* publishers to leverage more effectively. The value of Microsoft's software allows *all* PC manufacturers to leverage more effectively. For each of us, *our greatest value is someone else's greatest leverage.* In my new book "Wealth Dynamics" due to be released later this year, we investigate the eight wealth profiles, entrepreneur stories, their strategies, and how you and I can grow our own wealth by understanding the rules of the game they are playing.

# THE EIGHT WEALTH PROFILES

*"The men who have succeeded are men who have chosen one line and stuck to it."*
- Andrew Carnegie

## PARALLEL UNIVERSES

Many explanations have been given for why some of us acquire great wealth while some of us do not. Many have taken certain explanations as persuasive enough evidence to give up trying. We say "Well, he was born into the money", "She has talent and charisma that I just don't have", "He's obviously a great leader and I'm not."

Our greatest excuse for not taking action today is that we believe we don't have what it takes to make it tomorrow.

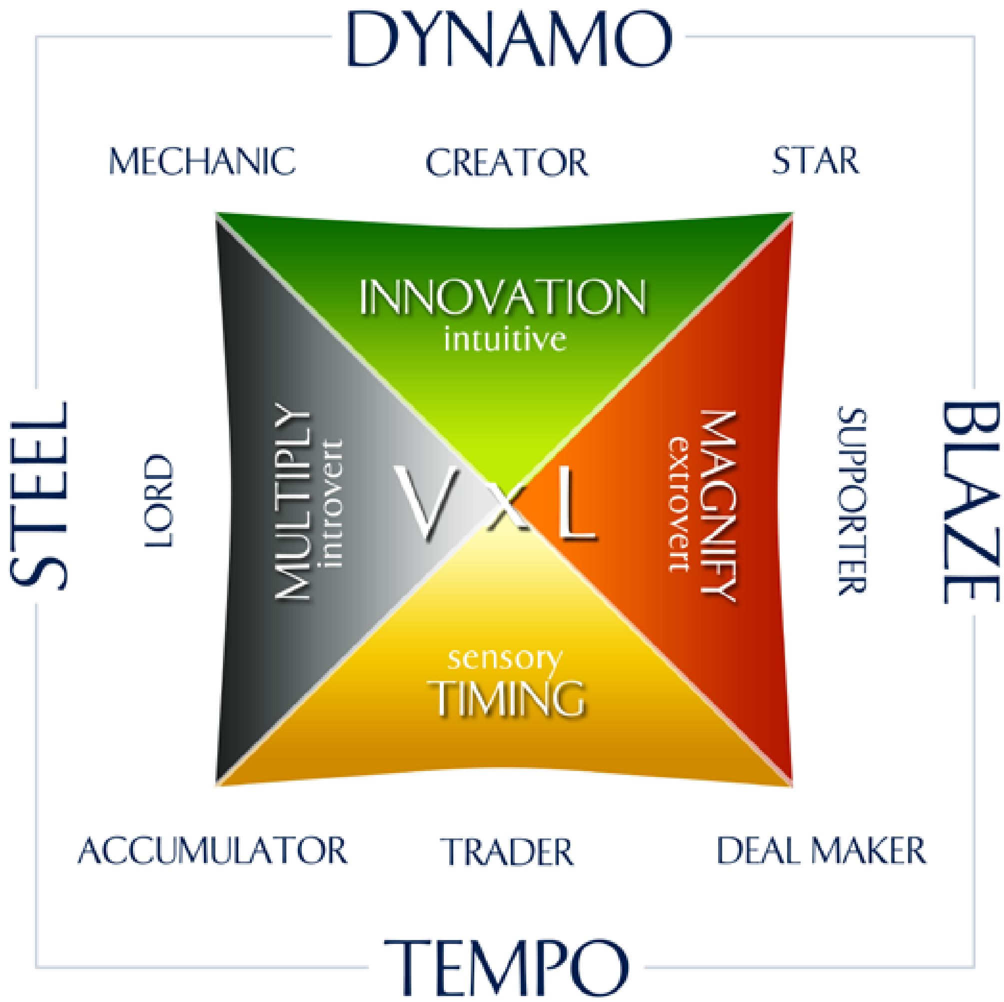
Let's imagine a parallel universe where some of today's most successful wealth creators ended up taking different approaches when they got started. What would have happened if Bill Gates had opted for a career as a footballer? Would Oprah Winfrey have made millions as a commodities trader?

Could Warren Buffett have made it big on MTV? Warren Buffett says that in the 1950s he invested $100 in a Dale Carnegie public speaking course "not to prevent my knees from knocking when public speaking but to do public speaking while my knees are knocking." If any of these wealth creators had not followed their path of least resistance to wealth, we would not have heard of them today.

Each of us has a path of least resistance that is based on our natural habits and talents – the ones we were born with. If we are not on our path, life can be a struggle. *When we follow our path – and begin to play the game that we most naturally play, we begin to excel. We also find we are doing what we love.* These are the eight wealth profiles.

## THE WEALTH PROFILE SQUARE

The wealth profile square gives us the relationship between the eight wealth profiles. If you are highest in intuitive thinking, you will find you have one of the profiles located at the top of the square: Mechanic, Creator or Star. If you are highest in sensory thinking, you will likely be one of the profiles at the bottom of the square: Accumulator, Trader or Dealmaker.




Introverts will gravitate to the left: Mechanic, Lord or Accumulator, and extroverts will gravitate to the right: Star, Supporter or Dealmaker. Each wealth creator has an absolute focus on creating wealth in the way that suits their natural strengths. Can we play more than one game? Of course, but it is only by keeping to one game that we begin to excel. The longer we play, the more distinctions we see, the better we get and the more we attract.

## THE CREATOR

*"Creating a better product"*

Creators can't resist creating. They keep creating long after they have run out of resources, money, and other people's patience. In fact, they have their greatest creative breakthroughs after most others would have given up.

Before Walt Disney's first animated movie was finished, his distributor went bankrupt. Before his second movie was finished, he ran out of money himself. To produce the now famous "Steamboat Willie" featuring Mickey Mouse in 1927, strapped for cash he wrote to his brother Roy "Slap a big mortgage on everything we got and let's go after this thing in the right manner."

Many creators do not make the best managers as they run faster than their teams, and are often on to the next venture before they have made money from the last one! The world is also full of frustrated creators who have started a business and are now stuck running it. They did a great job creating it, but now do a mediocre job trying to manage others.

Many creators fail because of their over-optimism of what their business and their team can achieve. This optimism has led many to take on far too much, leaving them little time to do what they do best.

Successful creators have delegated everything except the creative process itself – and they focus on creating new products, or new companies, while others take care of the day-to-day business.

The successful creators we will look at, who share a common strategy to achieve their successes, include Walt Disney, Bill Gates, Steve Jobs, Richard Branson, JK Rowlings and Thailand's richest man, Thaksin Shinawatra.

## THE MECHANIC

*"Creating a better system"*

If creators need to have their head in the clouds, then mechanics need to have their finger in the pie. Mechanics are tinkerers. While Creators are great at starting things, Mechanics are great at finishing things. They are perfectionists, which is why they cannot resist finding ways to do things better. One of Henry Ford's maxims was "Everything can always be done better than it is being done."

Mechanics get hands-on with their systems and prefer to study how to improve things with their hands dirty. As a result, they have little interest in impressing with, or indulging in their appearance. Bernard Marcus, chairman and Co-founder of Home Depot, recalled going out to lunch with Sam Walton – founder of Wal-Mart who became the richest man in the World in the 1980's. "I hopped into Sam's red pickup truck. No air-conditioning. Seats stained by coffee. And by the time I got to the restaurant, my shirt was soaked through and through. And that was Sam Walton – no airs, no pomposity."

Many mechanics have yet to get going because they are still trying to figure out what business to start. Ray Kroc was 52 before he realized he didn't need to start his own business, he could take an existing business – McDonalds – and make it better.

Many mechanics have companies with better systems than their competitors, but they have not leveraged this system with stronger products produced by others, or their business is limited by their autocratic management style and high staff turnover.

Successful mechanics remain hands-on in fine-tuning their systems, long after they have become hands-off with many other areas of their business. This is where they see the greatest results, and where they gain the most satisfaction

The successful mechanics whose stories we relate in the book soon to be released include Henry Ford, Ray Kroc, Sam Walton, Michael Dell, Jeff Bezos and the founder of Singapore, Lee Kuan Yew.

## THE STAR

*"Creating a unique identity"*

Stars, naturally, are the easiest of the profiles to spot. After all, the value is in the person. Obvious stars can be found in the sports, music, film and entertainment industries. However, the highest profile CEOs, salespeople and trainers also achieved their wealth by following their natural path as a star.

The highest profile stars are across different industries, including the three Michaels: Michael Jordan, Michael Schumacher and Michael Jackson, every pop star and movie star you could name, and outside of the entertainment industry stars include Richard Branson, Bill Clinton and Anthony Robbins.

Stars are aware of the strength of their personality and often use this to their advantage, causing disharmony and alienation at times. As a star grows in stature, the value of their time grows, as does the demand on their time. To continue to shine brightly, however, they need to continue to deliver, which can lead to exhaustion and dissatisfaction if they have not learnt how to leverage effectively.

With the stress that comes with increased success, it is natural for a stars ego to often get the better of them. This can lead to them forgetting the winning formula that brought them their wealth, and it is all too easy to burn out or self-destruct.

Those stars who have ignored their path have often done so because of the bad experiences they have had being in the limelight, and the responsibility that goes with it. Fallen stars have fallen often because their moments of success in the distant past led to burn-out which they somehow took to be permanent. Others have been trained not to draw attention to their natural talents, much as they secretly enjoy it. And others simply lack confidence and knowledge, so tread a careful path incognito, blissfully unaware of the simple steps they could be taking to claim their wealth.

## THE SUPPORTER

*"Adding Value to a Wealth Creator in Time & Resources"*

The Supporter is outgoing, loyal, reliable and a fantastic networker. Their value is in the heat of the moment – the relationships they create and the wealth of energy, enthusiasm and time they can offer. By linking this resource to a wealth creator, supporters can create much greater wealth than they could on their own.

Successful supporters can be found around every very successful wealth creator, whether that profile is a creator, star, mechanic or deal maker. However, many supporters have found success without aligning solely with one wealth creator. As a result, there are many CEOs of well known, listed companies who are supporters. You can also find supporters successfully running businesses in support industries such as PR, recruitment and marketing. High profile supporters include Steve Ballmer and Michael Eisner.

Most failed supporters mistake their profile as an employee doomed to a life of salaried income, often having tried to start a business or investment with limited success. Others might like the idea of finding a wealthy and dynamic money maker to team up with, but simply haven't gotten around to take any action – and never will. For nearly all supporters who are not on their path to success, what is missing is the understanding of how their role as a supporter can unlock great wealth. For those who learn the key to securing cash flow, a new motivation may just be awakened, to get out there and make it happen!

## THE DEALMAKER

*"Connecting the right people at the right time"*

Successful Deal Makers tend to catch the imagination of the business world, with their sweeping gestures that make millions in a moment. Of all the profiles, the deal maker relies most on the relationships around them, as their wealth is created by the connections they make. With a sensory dynamic, deal makers are reactive, acting on the right opportunities as they happen.

Deal Makers can be found across industries, and the highest profile ones can be seen moving into an industry as it moves past its summer phase, and the bargains can be found. Deal Makers can also be found wherever there exist assets with significant value differentials, such as in property, corporate mergers

& acquisitions, and in the entertainment business brokering multi-million dollar brands.

The highest profile deal makers include Robert Kravis, Li Ka Shing, Donald Trump, David Geffen and more notoriously, Don King.

Most failed deal makers are really deal-makers-in-waiting. They have never seen this as a credible way to create wealth and have never pursued this path. Or they have just never been aware that this was their main talent and would never do so unless they stumbled into it by chance. However, of all the profiles, when a deal maker finds his path, his wealth is one of the first to arrive!

## THE TRADER

*"Buying low and selling high at the right time"*

As a result of the popularity of online and retail trading, many people see themselves as a trader. Unfortunately, most are not which goes to explain why most lose their money. A real trader is someone who naturally looks for bargains for the fun of it. They love haggling or seeking out the lowest price with the satisfaction that they found it first, and then they are equally good at seeking out the buyer who will pay a higher price. As with the Creator, the trader can be both introverted and extroverted.

Unlike deal makers, who make their money without ever owning the assets they are dealing in, traders will buy and sell the asset, and make their money from the spread. Extrovert traders will do this where they can influence the price through hard bargaining and can be found in import/export businesses, and the retail industry. Introvert traders are happy to trade through analysis rather than face-to-face bidding, and include all successful market traders.

Many failed traders have never traded. As reliable and hard-working employees, they may see either the buy side or the sell side of a transaction within the company they work for, but often never the two together. Only when they are in control of both sides will a trader become aware of the natural talent that they have. Many traders may want to start their own business but lack the confidence to do so. Many may have tried some other vehicle in which they did not have to rely entirely on their own initiative, such as network marketing, real estate or insurance. However, until they take stock and follow their path, their true wealth will continue to elude them.

# THE ACCUMULATOR

*"Buying & Building Appreciating Assets"*

The accumulator is the safest of the profiles, relying on a system of incremental growth to achieve wealth. The book "The Millionaire Next Door" is based on the accumulator profile, as it is one of the most fool-proof to follow. Many wealth seekers adopt the accumulator strategy but either lose patience or get itchy feet and move on. The real, successful accumulator is patient enough to stick with it, and disciplined enough to keep to their system.

Accumulators come in two forms. The accidental accumulators are those who made their wealth elsewhere and are now reinvesting their wealth in property, stocks or other vehicles. These are not good role models as they are not the wealth profile of a real accumulator. The second are the ones who fit the profile and have made their wealth through their strategy. This includes everyone who has bought and held on to a set of assets over time, whether in company stock, property, land, or any kind of appreciating collectible.

The highest profile accumulator in the world would have to be Warren Buffet, and there are plenty of books to learn what he did and how he did it.

Accumulators are patient, systematic, considered and prefer to play safe. However, others sometimes mistake this for indecision and procrastination. While others may be ostentatious with their wealth, accumulators rarely are, which is why they often go unnoticed.

# THE LORD

*"Controlling Cash Generating Assets"*

The lord is the epitome of Stealth Wealth. Rarely seen but rolling in cash, the lords of the World control everything! They control the land, they control all the natural resources, they control all the man-made structures. They may not own them, but they don't have to. They are too busy counting their money!

Lords can be found wherever there is a fixed asset that is generating cash, whether it is a rented property or a leased vehicle, whether it is a gold mine or an oil field.

If you are a Lord, yet have not yet become a successful one, make it your priority to find a mentor who has made it. You will be amazed at how simple the process can be and how fast wealth was created.

Lords look at the entrepreneurs and stars of the world and in most cases believe they could never do what they do, and would never want to either. Lords are at home with themselves and don't believe you need to draw attention to yourself to create wealth.

## YOUR PROFILE…AND YOUR WEALTH

The eight profiles above represent a very brief summary of wealth profiling. Knowing your wealth profile is like knowing which sport you're most likely to excel at. Discovering the 6 steps to take for your profile to build wealth is like being given a map to show you which path to take to get from where you are, to your destination. Wealth Dynamics provides these 6 steps to take for each profile, and is the result of years of studying the approaches of the world's greatest wealth creators. That means, it's a path which has already been taken and proven to work.

To attain wealth based on your wealth profile, you need to know the rules for your particular wealth creation game, and you need to get on the pitch and play. You'll also need to develop your wealth networks and your financial fitness.

## KNOW YOURS ...
## TAKE THE PROFILE TEST TODAY

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