

THE BILLIONAIRE MONEY RULES

HOW TO JOIN THE RANKS OF THE SELF-MADE SUPER RICH



Billionaire Money Rule #3: Put Yourself in the Line of Money

GUIDELINES FOR IMPLEMENTATION

The more you run the numbers for business decisions, the more proficient you'll become. We spend a considerable amount of time deconstructing and reconstructing business decisions. These experiences enable us to think through relevant issues with extreme agility and precision. There isn't any magic. Consequently, you can either become personally proficient or work with others who are adept at running the numbers. Three guidelines can help when you make your financial projections.

Guideline 1: Never fall in love with an initiative.

"But it's my baby." We've heard this phrase quite a few times. When the strategic and financial returns are not there, drop the initiative—fast. Too many people fall in love with their ventures and stick with them as they go over the cliff. While the self-made Super Rich are survivors persevering against considerable odds, they readily exit when the numbers don't work.

Wealth creation implication

Your financial end goal is the money. Stay focused on amassing your desired level of wealth, and don't get wrapped up with any specific initiative. Never drink your own Kool-Aid and never believe your own hype.

Guideline 2: Work the assumptions.

Spreadsheets show the relationships between numbers. A competent MBA student can come up with any answer the professor wants. The self-made Super Rich are very attuned to the financial projections tied to initiatives they're exploring. Underlying every financial projection are assumptions, and the extremely wealthy spend demonstrably more time and effort working through various iterations of these assumptions.

Wealth creation implication

Explicitly note, define and "foot" every assumption when you run the numbers. Then manipulate each assumption to see the individual and interactive impact of the projections. You have to work the assumptions hard.



Guideline 3: Be able to justify your assessments of various scenarios.

We've observed that the self-made Super Rich are amazingly adept at logically justifying their assessments. Meanwhile, the extremely wealthy make proclamations when it comes to the likelihood of various scenarios.