

# 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

### STEPS FOR IMPLEMENTATION

There's a saying: "Do what you love and the money will follow." This is a fact if you love running a business and are good at it. On the other hand, if you love a vocation that is not in the line of money, you can certainly find your job very rewarding and wake up each work day excited to get going. But you're not going to become one of the Super Rich and maybe not even moderately wealthy.

There's nothing wrong with not being wealthy and loving what you're doing. In many ways, you will have a truly wonderful life. However, if you want to be very wealthy, the answer is likely to involve endeavors that generate significant profits. That nearly always means being in business.

When you start a new business, write a business plan and run the numbers. If you are looking for investors in your new business, they will want to see the plan and your projected financials. While a lot of this is guesswork, it should be highly educated guesswork predicated on a solid logical foundation.

Think of every important business decision, such as taking on a partner or working on a new project, as a new venture. As in any new venture, you want to run the numbers to calculate your potential returns.

The self-made Super Rich are very adept at running the numbers. Based on meticulous calculations and instinctive familiarity with the financials gained from extensive experience, they look at each initiative and derive their projected returns. The following steps will help you run the numbers.

#### Step 1: Get a solid overview of the project.

This is equivalent to reading the business plan for a new venture. Start with a broad and insightful understanding of the character and spirit of the venture.

#### Step 2: Construct the assumption set.

To run the numbers, base your math on assumptions that are key to the project. This usually includes matters concerning the nature of the business, the competitive environment and the people involved. Your specific assumptions will depend on your circumstances.



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### Step 3: Develop multiple scenarios.

The future is many-faceted, so it makes good business sense to consider the various possibilities of any business endeavor. Consider various outcomes over several time horizons.

### Step 4: Identify the high-probability scenarios.

The prospect of each scenario occurring is different. You'll have a sense of what is most likely to transpire—the high-probability scenarios. Moreover, you need to be able to explain the reasons one scenario is more likely than another.

### Step 5: Identify the worst-case scenarios.

Any initiative can generate fabulous returns. While the Super Rich look for these quantum opportunities and envision the upside, they are usually more interested in and superbly attuned to the downside. They work the assumptions with an eagle eye toward the probability of bad consequences.

### Step 6: Determine how you fare under the high-probability and worst-case scenarios.

Carefully consider these two types of scenarios to ascertain the extent to which they will enable you to reach your milestones and your financial end goal. More important, understand the implications for your financial end goal if the worst-case scenario occurs.

### Step 7: Triage.

The Super Rich are nearly always looking at a multitude of opportunities, even for things as basic as hiring another person. Hence, the self-made Super Rich are always comparing different initiatives. The ones with the greatest returns, all other things being equal, are the ones they will pursue. You should do the same. By running the numbers, you'll be better able to determine the business activities you should pursue to create the opportunity to become fabulously wealthy.

