

Book Excerpt

How to think like the rich



In his new book, **How Rich People Think**, author **Steve Siebold** explains how to ditch your middle-class attitude toward money and start thinking like the wealthy do

Steve Siebold

Globe and Mail Update

Published on Wednesday, Aug. 25, 2010 12:48PM EDT

Last updated on Wednesday, Aug. 25, 2010 12:53PM EDT

The following excerpt is from *How Rich People Think* by Steve Siebold. Don't miss Mr. Siebold's conversation with Home Cents blogger Chaya Cooperberg.

1. Middle class focuses on saving... World class focuses on earning

Driven by the fear of loss and uncertainty of the future, the masses focus on how to protect and hoard their money. While world-class thinkers understand the importance of saving and investing, they direct their mental energy toward accumulating wealth through serving people and solving problems. When an economic correction occurs, the fear-based saver suffers catastrophic losses that may take years to recover. While world-class thinkers suffer similar losses, they quickly turn their attention to financial opportunities that present themselves in a society of suddenly terrified people. While the masses are selling for short-term survival, the great ones are buying for long-term success. One group is operating from fear, the other, from abundance. **The self-made rich** aren't afraid to take calculated risks, because they know if they lose they can make it all back. While the middle class is always looking for the home run investment that will make

them wealthy, the world class invests wisely, knowing the bulk of their fortune will come from the service they provide. Most people are more concerned with the modest gains they accumulate from their savings and investments than they are with using their billion dollar minds to create a fortune. **The masses** are so focused on clipping coupons and living frugally they miss major opportunities. Even in the midst of a cash flow crisis, the rich reject the nickel and dime thinking of the masses. They are masters at focusing their mental energy where it belongs: on the big money. How about you? Are you more focused on saving pennies or building an empire? Your current financial status will give you an idea of your past thinking. If you're rich, keep thinking the way you're thinking. If not, maybe it's time for a change.

"Money is power, and you ought to be reasonably ambitious to have it."

-Russell Conwell

~ RICH RESOURCE:

The Rich: A New Study of the Species by William Davis

II CRITICAL THINKING QUESTION:

Based on your past behaviours and results, are you thinking big or small?

~~I ACTION STEP:

Make a decision today to think bigger and maximize your money potential.

2. Middle class thinks about money in linear terms... World class thinks about money in non-linear terms

The masses trade time for money. This creates the belief that making money is a linear process directly connected to time. The average person believes the only way to earn more money is to work more hours, with the exception of raises and bonuses. The wealthy know big money requires thinking about it in non-linear terms. The great ones are masters at generating money through ideas that solve problems. They realize since there is no limit to ideas, there is no limit to how much money they can earn. So while the middle class is scrambling to survive and frightened for their financial future, the world class is capitalizing on their elevated level of awareness. The masses waste a substantial percentage of their mental energy worrying about money, while the champions are fearlessly directing their focus to becoming wealthier every day. Fortunes can be created almost overnight with the right idea at the right time, but only if the performer understands this non-linear phenomena. Since most people think of making

money in a linear fashion, they never invest the necessary effort to create high impact solutions. The truth is, people who educate themselves in this philosophy have the potential to become as wealthy as they wish. And while this has been proven again and again, the average person's refusal to believe this holds them back from ever getting started. This is another reason on the long list of why the rich get richer, and the poor, poorer.

"The entire essence of America is the hope to first make money-then to make money with money--then make lots of money with lots of money:"

-Paul Erdman

~ RICH RESOURCE

The Intelligent Investor by Benjamin Graham

II CRITICAL THINKING QUESTION:

When you're problem solving, do you spend more time looking for the obvious answer or the non-obvious answer? Linear thinking is the obvious and non-linear thinking is the unobvious.

~~I ACTION STEP:

Always look for the obvious, simple, linear solution first. If that doesn't work, start brainstorming the unobvious, more complex, non-linear solutions.

3. Middle class believes hard work creates wealth ... World class believes leverage creates wealth

If hard work was the secret to financial success, every construction worker and cocktail waitress would be rich. The wealthy strategically focus their efforts on the most profitable areas of their business while leveraging their contacts, credibility and resources to maximize the results of every action they take. World-class performers work hard, but not in the traditional sense. Hard work to the wealthy means outthinking their competitors and leveraging the collective brainpower of their advisors. The middle class sees hard work as a badge of honour. The world class sees success as a more important badge of honour. While one group is mentally and physically exhausted at the end of the day, the other is fresh and excited about thinking of new solutions and ideas that will keep the first group employed. As a result, the middle class lives pay check to pay check and the world class lives without limits. The only real difference lies in their approach and ability to use leverage in place of linear effort.

The average person is playing life's proverbial slot machine, while the wealthy own the slot machines. The beauty of living in a capitalistic society is that anyone in the middle class is free to make the necessary changes in their thinking to capitalize on the concept. Most people won't do it because they are either unaware of how they can think differently, or don't believe it's possible. Either way, the wealthy will continue to amass fortunes while the masses sit on the sidelines worrying about how to pay their bills.

"People with leverage have dominance over people with less leverage. In other words, just as humans gained advantages over animals by creating leveraged tools, similarly, humans who use these tools of leverage have more power over humans that do not. Saying it more simply, 'leverage is power'."

-Robert Kiyosaki

~ RICH RESOURCE

Your Money & Your Brain: How The New Science Of Neuroeconomics Can Help Make You Rich by Jason Zweig

II CRITICAL THINKING QUESTION:

What were you taught about hard work when you were growing up?

~~I ACTION STEP:

Make a decision to let go of any limiting beliefs you have about hard work, and start thinking about how you can use leverage to become more successful.

4. Middle class believes money is the root of all evil ... World class believes poverty is the root of all evil

The average person has been brainwashed to believe rich people are lucky or dishonest. The biblical passage that states the love of money is the root of all evil has been misquoted by many to say that money itself is the root of all evil. As a result of poor programming and ignorance, the masses are infected with the disease of focusing on lack and limitation regarding money and are uneducated about what it means to be wealthy. The world class knows that while having money doesn't guarantee happiness, it does make your life easier and more enjoyable.

World-class thinkers consciously build beliefs about money that serve their best interests and help them develop substantial sums. It's not intelligence or education that holds back the average person from getting rich, it's the middle-

class beliefs around money that keep them struggling to survive in a world of abundance. If you want world-class wealth, copy the beliefs of the wealthy, knowing you will eventually begin to behave based on those beliefs. While the masses are searching for the answer on the outside, the great ones know building wealth starts on the inside. First you build world-class beliefs around money, then you take action based on those beliefs. Your results will follow your actions. Would you believe it's that easy? Most people don't. Why not give it a try? What have you got to lose?

"Run for your life from any man who tells you that money is evil. That sentence is the leper's bell of an approaching looter."

-Ayn Rand

~ RICH RESOURCE:

Rule # 1 by Phil Town

II CRITICAL THINKING QUESTION:

Are you ashamed of your desire to be rich?

~~I ACTION STEP:

Decide to be proud of your ambition, and ignore people who tell you wanting to be rich is wrong.

5. Middle class believes being rich is a privilege ... World class believes being rich is a right

The average person believes being rich is a privilege awarded only to lucky people. World-class thinkers know in a capitalist country they have the right to be rich if they're willing to create massive value for others. This distinction in thinking leads the middle class to the lottery and the world class to work. While the masses are waiting to pick the right numbers and praying for prosperity, the great ones are solving problems. They believe if they make life better or easier for others, it's their right to be rich. They're always thinking of new ways to build a better mousetrap, and are often scorned by the masses for being materialistic, self-absorbed and greedy. While the masses are watching television and surfing the web, champions are thinking, working, and dreaming of a better life. The middle class is more interested in being entertained than they are in being rich. Not because they wouldn't love being wealthy, but because they don't believe it's possible for them. Being rich is so far out of the average person's belief system, it never even crosses their minds. The fact is it's possible for anyone living in a

society that rewards problem solving. The great ones believe they have the right to be as rich as the value they create. So in place of watching football games, memorizing batting averages, and playing video games, they are laser focused on new ideas that have the potential to build their wealth. With this mindset, is it any mystery why this tiny fraction of the population owns the bulk of the world's wealth?

"When you realize money is your divine heritage, you should persist in claiming it."

-Catherine Ponder

~ RICH RESOURCE:

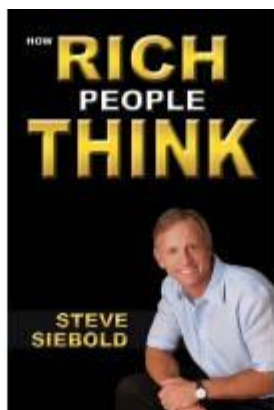
The Ten Roads to Riches: The ways The Wealthy Got There (And How You Can Too) by Ken Fisher

II CRITICAL THINKING QUESTION:

Do you believe it's your right to be rewarded with riches based on the value you create for others?

~~I ACTION STEP:

Do you believe self-made millionaires are lucky ... or that they deserve every dollar they have?



How Rich People Think. Steve Siebold

Reprinted with permission of London House Publishing.