



WHY I RECOMMEND DIRECT SELLING

THE DIRECT SELLING INDUSTRY OFFERS MANY UNIQUE
BENEFITS TO THOSE WHO WANT MORE OUT OF LIFE.

by Robert Kiyosaki

Everybody wants to be rich or at least financially secure. However, today more and more people are finding it harder to keep their head above water financially. And from my vantage point, I see a lot of people giving up hope and feeling that winning the lottery or inheriting is the only way they can become financially independent.

There is another way of getting ahead financially. First you must learn the difference between financial freedom and financial security. I'll also share with you how your core values will ultimately determine if starting a business—and in this case a direct selling business—is the ticket to what I call “freedom money.”



ROBERT KIYOSAKI, AFTER RETIRING AT THE AGE OF 47, WROTE *RICH DAD, POOR DAD*, WHICH HAS BEEN ON *THE NEW YORK TIMES* BEST-SELLERS LIST FOR MORE THAN FOUR YEARS STRAIGHT AND SOLD MORE THAN 20 MILLION COPIES. THE SUCCESS OF *RICH DAD, POOR DAD* PAVED THE WAY FOR THE RICH DAD SERIES OF BOOKS—CURRENTLY 10 BOOKS TOTAL. BEFORE WRITING *RICH DAD, POOR DAD*, ROBERT CREATED THE EDUCATIONAL BOARD GAME *CASHFLOW® 101* TO TEACH INDIVIDUALS THE FINANCIAL AND INVESTMENT STRATEGIES HIS RICH DAD SPENT YEARS TEACHING HIM. ROBERT IS THE CO-FOUNDER OF CASHFLOW TECHNOLOGIES, INC., AS WELL AS A MULTIMILLIONAIRE INVESTOR, BUSINESS OWNER, EDUCATOR AND SPEAKER. ROBERT LIVES IN ARIZONA WITH HIS WIFE, KIM.

Warning: Reading Beyond This Point May Challenge Your Values System

What I'm about to say may be hard to hear for many with closely held beliefs and cultural values. I don't mean to make anybody's values a right-or-wrong issue. I simply hope you will have an open mind to the important lessons and experiences I have learned over the years and how they have affected my life. And, hopefully, they may give you some ideas to change your life for the better.

My success, both personally and financially, came from two special people in my life. They were (for those who have not read my first book, *Rich Dad Poor Dad*) my rich dad, my best friend's father, and my poor dad, my real father.

Two Fathers—Two Distinct Sets of Cultural Values

I grew up in Hawaii and come from a family that emigrated from Japan three generations ago. All I heard growing up was “Go to school and get a high-paying government job so the government can take care of you.” And that's just what my father did. He was a very educated man, a highly paid government official. But no matter how much money he made, he was broke at the end of every month and ultimately died broke with little to show for a life of hard work. He was a very honest and hardworking man whom I loved and respected dearly.

He had different values than my rich dad, to whom I went at age 9 to teach me about money after seeing my mom and dad constantly fight over not having enough. So for many years my rich dad guided me financially. Because of my rich dad's training, I was able to retire at age 47. If I had followed my poor dad's advice—the advice of being a good employee until I was 65 years old—I would still be working today, worried about my job security and my pension plan.

Financial Security vs. Financial Freedom: A Change in Mind-set

One of the many things I took away from my rich dad was the concept of freedom vs. security. He always told me, “You want financial freedom. You don't want financial security because they are exactly the opposite. You see, the more security you have, the less freedom you have. In other words, the more you cling to your job or your paycheck or money, the less free you are.”

I have friends who make a lot of money, but they're terrified of losing their jobs simply because they have so many bills to pay. They've chosen the path of security. Whereas, when I went for freedom, I went for a whole different mind-set, a different attitude and a different skill-set. That's why I learned to build businesses. I never had to worry about having a paycheck or being fired. In my vocabulary, freedom and security are two words that have polar opposite meanings.

The thing I love about freedom is the absence of fear. I don't worry about being fired because it wouldn't affect my financial standing anyway.



What Are Americans Most Afraid Of? The Answer May Surprise You

USA Today released an interesting article that turned many heads. They ran a survey that found the greatest fear in America today is not the growing threat of terrorism or losing a job. Surprisingly, what people are most afraid of is running out of money during retirement. I would say that's a very real

concern and a very real fear simply because, as we have seen in the last four years, the stock market hasn't done that well. It goes up as well as down. I know people today who are in their 80s and looking for jobs because their finances were wiped out between 2000 and 2003. I think it's the fear of the future, the lack of financial stability or security that has people concerned.

Cash Flow Quadrant: What are Your Core Values?

How many times have you said to yourself, "I wish I could quit my job" or "I'm working hard, but the only people getting rich are the owners of the company?" These are just some of the statements individuals trapped in what my rich dad called the CASHFLOW Quadrant. It's also the title of my second book in the Rich Dad series, called *Rich Dad's CASHFLOW Quadrant*. The book is targeted to those people who are ready to make changes in their life—a change far greater than simply going from job to job.

So what is the CASHFLOW Quadrant? My rich dad said there are four people who make up the world of business.

- The E stands for "employee."
- The S stands for "self-employed" or "small-business owner."
- The B stands for "business owners," generally defined as having 500 employees or more.
- The I stands for "investor."

How Do You Know What Quadrant You Belong To?

So how do you know what quadrant you are in? It's as simple as looking at which quadrant your cash flows from. For example, if you receive your income from a job and you receive a regular paycheck from a company or business you do not own, then your cash flows out of the "E" quadrant. My income primarily comes from my businesses and my investments, so I am in the "I" quadrant.

You Shall Know Them by Their Words... and Values

Years ago when my rich dad was explaining this concept, he told me that different quadrants have different values. He also said you can always tell the difference between these four people simply by the words they use. Here's a quick look at each quadrant and some of the words that define them:

E Quadrant: “I’m looking for a safe, secure job with benefits.”

Even though a person from the “E” quadrant can be a janitor or the president of the company, they are united by the same set of core values. A person in the “E” quadrant is concerned with security. And that’s why they seek secure, long-term employment and great benefits.

S Quadrant: “If you want something done right, do it yourself.”

For those self-employed people or small-business owners (“S” quadrant), the core value is independence. They want their freedom and do what they want. Those in the “S” quadrant are who I call the John Wayne of business. You can hear them saying “I’m going to do it on my own.” The way an “S” gets paid is often by commission or the amount of time they spend on a job. An “S” quadrant businessperson is often the smartest person on a small team, such as a consultant or doctor.

B Quadrant: “I’m looking for the best people to join my team.”

People who start from nothing and build great “B” quadrant businesses are often people with powerful life missions. And while a person in the “S” quadrant wants to be the best in their field, a “B” quadrant person is looking for other people who are the best in their field to join his or her team. More than anything, they value having a great and efficient team behind them helping them build and strengthen their business. When it comes to being paid, a true “B” quadrant person can leave his or her business and still get paid.

I Quadrant: “What’s my return on my investment?”

What those people in the “I” quadrant value most is financial freedom. The investor loves the idea of their money working instead of them working. Investors invest in many things, such as real estate, business, stocks and bonds, just to name a few.

In Which Quadrants Will You Have the Most Success?

Looking at each of the CASHFLOW Quadrants, you need to ask yourself this question, “In which quadrant do I have the most chance of financial success?” For myself, I did not want to be an employee all of my life, nor did I want to go to school to become a doctor or lawyer (“S” Quadrant). I knew that my best chances were in the “B” and “I” quadrants simply because I wanted to become a multimillionaire, and I did not want to take orders or work hard all my life to earn those millions of dollars. Today, my businesses provide me the ongoing, passive income to earn the millions of dollars without having to go “into” work or working harder and harder.

Now it’s your turn to look at the quadrants. The question you may want to ask yourself is, “Which quadrant or quadrants are best for me?” One of the reasons many people fail to become successful in their lives is because they are afraid to change quadrants. Most people only change jobs.

There Are Various Ways to Become Rich

In reality, there are many ways to become rich, but you have to be very lucky and work very hard for a very long time. For example, if you’re an employee of a Fortune 500 company, you could someday become CEO and earn a nice salary with stock options. If you have exceptional athletic talent, you could make it to the NFL or NBA and strike it rich even if you produce mediocre results.

Building a business is the way most of the rich became very rich. But starting a traditional business these days costs a lot of money—money most average Americans don’t have. And most people lack the operational, selling and leadership skills it takes to succeed in such a venture. So how can the average person who has the commitment level and drive start a business when so many of the doors are closed to them?

A Direct Selling Business: The Perfect Business?

There is another way the average person can enjoy the benefits of financial success without the hassles associated with a traditional business: start your own direct selling business. Even though I do not participate in direct selling, there are many reasons why I think direct selling is the perfect business for those who are willing to work for it.

Direct Selling Values are “Rich Dad” Values

As I wrote in my book *The Business School: For People Who Like Helping Other People*, I was drawn to this industry because most of the companies are actually teaching the values of my rich dad, not my poor dad. However, I was very close-minded to the industry for several years. My attitude changed one day when a good friend of mine was looking to get into the industry. My friend had already amassed a large fortune, so I asked him, “Why are you, of all people, joining a direct selling business?” He went on to tell me that he wanted to help people and wanted to teach. This intrigued me, and I decided to do some investigating.

I went to several meetings of different companies and found that they were teaching the same principles, the same mind-sets, the same business skills with the same attitude my rich dad taught me.

In many ways direct selling, to me, is a revolutionary way to achieve wealth. And it is the only industry that comes close to the values that my rich dad taught me at an early age. Here are just some of many values that make up what the direct selling industry is all about.

Opportunity for All: No Prior Qualifications Needed for Success

The industry doesn’t care what college you went to, how much money you make today, what race or sex you are or how good looking you are. It is truly one of the only businesses where everyday people can attain their dreams of financial freedom.



Robert Kiyosaki

The Best Way to Get Ahead Is to Become a Business Owner

Direct selling teaches values not found in traditional business schools—values such as the way to teach yourself and others how becoming business owners gives you the best chance of achieving your financial goals. But more importantly, it puts you in charge of your own destiny.

A Strong Foundation of Financial Education and Training

A big reason I support the direct selling industry is many companies in the industry are really business schools for the people, rather than business schools that take smart kids and train them to become employees of the rich. The direct selling industry teaches real-life training you can use—not the theoretical business stuff you learn in school.

Building a Network of Salespeople; Duplicating One's Efforts

The key to succeeding in business is learning how to sell something, not once but many times. Direct selling companies teach the fundamental skills of how to successfully duplicate your efforts by training you to teach other like-minded people to become financially free.

A Support System to Ensure Your Success

If you stumble, are having a hard time getting started and are not having the level of success you envisioned, don't worry, you won't get fired. Direct selling companies understand quite fully that their success depends on your success. Most direct selling companies care primarily how much you are willing to learn, to change and to grow. They encourage you to have the guts to stick it out through thick and thin while you learn to become a business owner.

Passive Income for Life—“Freedom Money”

I saved the best for last. The beauty of direct selling is the passive income or, as I call it, “freedom money” you can earn that can someday allow you to finally quit your job and devote 100 percent of your effort toward your business. Passive income is money coming in without you working for it. And just like those business owners in the “B” quadrant who can earn money without having to go to work, the same goes for the income earned from your direct selling business. So in essence, by owning your own direct selling business, you can join the “B” quadrant of business magnates like Bill Gates from Microsoft, who also has highly successful people working under him to produce income for him, whether he comes into work or not.

Is Direct Selling Right for You? It Comes Back To YOU

As I stated earlier, today there are many ways for a person to get rich. And just as my rich dad said, the best way to become rich is to find the way that works best for you. If you are a person who loves helping other people, I believe direct selling is a great fit. But it also depends on whether you want freedom or security. Do you want the job security and the benefits it gives you? Or do you want to attain the freedom that owning your own business gives you? Whatever you decide, understand it is going to take a lot of work and a commitment on your part to see it through.

The core values I've outlined here are some of the most important things for you to consider in deciding whether you will be a part of the direct selling industry. My rich dad taught me that core values are far more important than money. And the method you choose will be the method that closely matches the core values deep inside you.

So I ask again, “Is direct selling the perfect business for you?” It depends on YOU! **SH**

