

The Ugly Truth about Making Money

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From conversations I have had with peers and friends about money and wealth, a disturbing common pattern emerged.

I noticed that here is a huge misconception about what [having wealth really is](#), but mostly about how much effort and time is required in order to achieve a significant level of success.

Note that these are not your ordinary people, randomly selected “from the street”. These individuals are supposed to have read some books, have a higher level of awareness and built the appropriate mindset.

However, it was clear from our discussions that they were not fully aware of what wealth building really is all about.

For this reason, I would like to address this issue with this post, and provide my thoughts on this major subject.

But let’s take things from the beginning...

Definition of Wealth - Probably not what you think it is

The first step is to truly understand what [Wealth is really all about](#). Having read several “money” related books, the definition that really “clicked” for me and I consider to be the more appropriate, is the following:

“I also have my own definition for wealth. Actually I borrowed it from a man named Buckminster Fuller... Wealth is a person's ability to survive so many number of days forward... or if I stopped working today, how long could I survive?”

- Robert Kiyosaki, Rich Dad, Poor Dad

Let’s focus on a specific phrase from that quote:

Wealth is a person's ability to survive so many number of days forward.

From that phrase, we conclude that Wealth is not really measured in terms of monetary units, but in another, much more important unit: TIME.

I really like this approach, since it associates wealth with the most precious commodity in the universe: time. Time is the only thing that is truly finite, thus has enormous value.

In this sense, wealth can take some rather extreme values. On one hand, we have people that have almost zero (or even negative) wealth. For example people who will not be able to make rent if they lose their job. On the other hand, the heirs of the Johnson & Johnson empire might never have to lift a finger (or their kids, or their grand-kids, etc.)

By this definition, we also understand that a person who truly holds wealth is able to keep his lifestyle without having to work for active income, e.g. by having a job.

Let me note here that I am not referring to extreme situations where you might be living on a few hundred dollars per month by severely cutting your expenses. Remember, making money is both offense and defense, but mainly offense!

So, in order to claim that someone is in the phase of wealth building, he has to be working on the foundations of a system that will allow him to enjoy his lifestyle without him having to work. The term “system” might sound a bit weird now, but I will explain later on.

We therefore understand that saying things like

“I am in a money making phase right now, I am looking for a job”

are fundamentally wrong and reveal a “broken mindset”.

Active job and wealth never go hand in hand!

Another conclusion from the above definition is that since the wealth owner is not engaged in active work, there is a SYSTEM (or even better, multiple systems) that provides him with the necessary cashflow.

The system might be financial (e.g. ownership in soft assets like stocks and bond), business (e.g. equity in a private business where you receive dividends), real estate (e.g. cash-flowing properties), people based (e.g. leveraging other people’s work), etc.

The bottom line is this though:

There is no wealth without a system in place!

Difference in wealth mindsets

Since this might across a bit strange, let me provide some examples to make my point clearer.

Here are some phrases that pinpoint the difference in the mindset:

“I will acquire this specific technical skill, because that will allow me to be more competitive in the job market and I will be able to land a better job”.

This is NOT wealth building

“I will acquire this specific technical skill, because I have strategically decided that it will be necessary for me in order to build a small system that will eventually provide a passive income

for me. Additionally, I will also be able to leverage that skill again in the future, perhaps in other similar projects".

This IS wealth building

Note that the end result in both cases above will be the same: that person will build the specific technical skill. However, the real difference lies in the mindset behind that, and that refers to how that particular skill will be used.

"I am going to work for corporation X because it offer good salaries and nice working environment".

This is NOT wealth building

"I am going to work for corporation X for a few months because it is involved in an industry that looks promising and I would like to acquire some insider knowledge, while of course I am being compensated for my time."

This IS wealth building

Again, the end result is the same: that individual will work for a specific firm. What is different though is the intent behind that move. The second person has a vision for himself. To build an asset in a particular industry. Since he does not currently have knowledge of that industry, he positions himself strategically so that he obtains some.

Now, don't get me wrong. Am I claiming that you should not work for companies with good compensation and working environment? Of course not. What I am saying is that, if you wish to truly start building some wealth and making some real money, you have to think more strategically and with a more long term view.

Of course there are also more extreme approaches:

"I will study finance and after my first degree I will also do a post graduate so that I will be able to join a bank as a clerk. As good as working for the government!"

This is NOT wealth building

"I will study finance and after my first degree I will also do a post graduate in a targeted college so that I will be able to expand my network and get into a high profile firm like Goldman Sachs. I will give my best self there and if I make it, I will accumulate assets in the 7 figures before I quit".

This is wealth building

Again, notice the difference in the strategy applied and the long term planning. It should be clearer by now.

Making money requires providing value

Another underlying principle is that building wealth and making money is a direct function of the amount of value you provide to society, ideally via the system you have built. Money is just the means through which value is transferred from one party to another.

If you are not providing value to other people, how do expect money to flow to you?

You cannot build wealth without providing an enormous amount of value!

Of course, providing an enormous amount of value is not something easy. And as the old quote goes, "no pain, no gain".

Here is a relevant quote from my favorite book of all times, The Millionaire Fastlane:

"How many lives have you touched? Who has benefited from your work, your assets, and your handiwork? What problems have you solved? What value are you to society? If you're working the front desk at a hotel, you simply aren't making much of an impact, and your bank account will represent that same fact. The amount of money you have (or don't have) is a direct reflection on the amount of value you have provided (or not provided)."

- MJ DeMarco, The Millionaire Fastlane

Wow. Let's read that again because this is major:

The amount of money you have (or don't have) is a direct reflection on the amount of value you have provided (or not provided).

But how can you provide massive amounts of value to society? The thing is you can't, unless you have built a system. Why is that? Because we are finite. As living organisms we do not have neither the time nor the energy to accomplish something like that.

For this reason, we need to build a system that will eventually replace us and work instead of us in the value giving front. Let's see what it takes to build a system, in terms of effort and time.

Mastering the 3 pillars of life

Before we look into the requirements of building a system, let's digress a little and get a bit philosophical. Don't worry, only simple stuff.

If you have noticed, every aspect of a person's life can essentially be predicated upon 3 distinct sectors:

- Health
- Relationships
- Wealth

Every issue that we deal with could be categorized in one of these three sectors. Every facet of our life can be traced back to one of these.

These are so fundamental that we can say they are the [three pillars of our life](#).

Let's assume that you want to have some nice progress in these fronts. Here are some approximate numbers of the difficulty involved for each one of those, in my opinion:

Total Difficulty Level:

Health --> 1

Relationships --> 10

Wealth --> 100

Time frame for some first decent results:

Health --> 2-3 months

Relationships --> 12-18 months

Wealth --> 36-60 months

Weekly time commitment (Average):

Health --> 3-5 hours per week

Relationships --> 15-20 hours per week

Wealth --> 40+ hours per week

As you can see above, the "health" component is the easiest to to improve (assuming you do not have a major, chronic issue of course). With some quick changes in your nutrition and by including some workouts during your week, you can achieve impressive results in a period of a few months. This has a difficulty level of 1.

By the same token, the "relationships" part is a bit harder to get better at, but nothing extraordinary. Note that by "relationships" I mean here to improve your social skills, understand

human psychology and behaviour, become better at dating etc. Nothing spectacular, just being better at your interpersonal skills overall.

This should take around one year of “training”, assuming you are average or slightly below average in social skills. This has a difficulty level of 10, an order of magnitude higher than the “health” pillar.

Well, let’s get into the interesting part now. Making money and building wealth. I would argue that in order to get some traction in that field, a time horizon of several years should be expected, assuming a time commitment of at least 40 hours per week (and even that might be conservative). The total difficulty level should have a score of 100, an order of magnitude higher than the “relationships” pillar, and two levels higher than the “health” one.

So let’s back up a bit and think about that. We are talking here about 40+ hours per week... for several years... just to see some first decent results. A major time and energy investment is required, and of course only those with enormous self-discipline and perseverance will be able to make it through.

Making money is not for everyone. If you are not able to focus on this goal for an indefinitely long time period, you better not even begin with it. Not everyone has to be in “wealth building” mode.

Making money is not for everyone! Only the self-disciplined can make it.

Is this bad? In a first glance it would appear so. But if you think about it, it is not. This is what separates the [action takers from the action fakers](#) (another term straight out of the Millionaire Fastlane book).

Consequently, you understand how flawed the sentences below are:

“I will get involved in a money making project, but only until May, because I want to go on vacations during the summer.”

Sorry, what?

“I will be in ‘money making’ mode until Christmas”.

Seriously? What exactly is going to happen by Christmas? What life changing event will occur during this short time frame. Let me answer that for you: Nothing.

Summing up, building wealth is not an activity that you engage into for a few months. It is not something that has a start date and an end date either. It is rather an ongoing process full of hardships, a journey on which you embark, probably for life.

Building wealth is a journey on which you embark, for life.

Sacrifices in the altar of wealth

Another corollary of the above representation with the total difficulty level and energy/time commitment requirements, is that you will have to make sacrifices when focusing in one pillar. Unfortunately, it is the only way to really move forward.

In essence, it is impossible to have significant progress in more than one pillars of your life at the same time.

As a simple example, consider going out and socializing or clubbing five times a week. This lifestyle would do wonders for your social life and relationships. But it would be absolutely devastating in case you were building a new business (due to hours upon hours allocated to that, lack of focus due to being constantly in extravert mode etc.). At the same time it would probably take a toll on your health too (due to alcohol consumption, suboptimal sleep patterns, exposure to smoke etc.).

The thing is that unless you focus all your energy and attention into your money making journey, then you are probably going to fail.

It is impossible to achieve significant success in the money making front unless you unconditionally focus on it.

Will this have a negative impact in other areas of your life? Absolutely. And do not let anyone convince otherwise.

In my opinion, starting a business or any other money making venture is pointless unless a time horizon of at least 3 years is estimated. Note that this comes in stark contrast to the [mainstream](#)

[social conditioning](#) which is cultivated by the media and involves “overnight success” and companies built and sold in a few months.

Want an authority’s opinion on this? [Here it goes](#):

Random Journalist asking a question to Facebook’s co-founder:

“How did it feel like to be part of Facebook’s ‘overnight success’?”

Dustin Moskowitz’s reply:

“If by ‘overnight success’ you mean staying up and coding all night, every night for six years straight, then it felt really tiring and stressful.”

No way! 6 years? Who can wait that long? I want the money now!

So, let me state it again and settle it:

There is no wealth building without massive lifestyle sacrifices.

As a final note, the health and relationships pillars should be in good order before embarking on a money making journey. That is, by being healthy and having a balanced nutrition and workout plan, and by having good social skills and maintaining a few solid relationships, you significantly increase your chances of making it. These pillars will work as a support for the “wealth” one.

Quick plan for ramping up your support pillars

Here is a short battle plan to quickly improve your 3 pillars:

1. Start by bringing your “health status” in order. Search online for some [healthy nutrition plans](#) and workouts, and spend a couple of months building habits that you will include in your daily life.
2. At the same time and since the “health” pillar does not require such a great time investment, work on your interpersonal and social skills. Read some books, socialize, make some new friends and start some fresh relationships. After you have the “relationships” part in place and you have reached the tipping point where you know how things work, then you can proceed with the next “challenge”.

3. Since the two first pillars are in good shape, you are now ready to get into “wealth building” mode. The reason is that full focus and ruthless time prioritization are required in order to make some advancements there. As a result, the other two pillars will get less attention, and unless they are already in a decent level, they will suffer.

Now please note that I am not suggesting you will neglect your health, neither that you are going to destroy your interpersonal relationships with people you love and care about. Quite the opposite. The matter of fact is though, that they will probably not be as they used to be.

How to get started with this “Money Making” thing?

All right, if you have made it through this point, it is definitely a good sign!

Let’s assume that you have made your decision, that you have accepted the fact that the next years of your life will be painful but worth it, and that you are ready to take the leap.

Where the hell do you start?

For me the first step is one: self-education.

The first step to making money is educating yourself.

The reason is that our mindset and belief system are seriously messed up, and our perception of reality dangerously distorted, mainly due to social conditioning. Thus, they have to be re-adjusted and re-configured!

One of the best ways to achieve this is by reading well-written books and articles by people that matter. Hence my 3/10/100 challenge:

3 months / 10 books / 100 articles

In detail, during your first 3 months I would suggest you to just read and study (no action!): 10 books and 100 articles. This is about 1 book in 2 weeks and 1 article per day.

The time commitment to accomplish this is nothing compared to what follows in the money making arena. If you fail to complete this “challenge”, then it is almost certain that you lack the self-discipline to advance in that field, so perhaps you should not even try it.

Note that the above numbers are quite low and the reason is that they were chosen to accommodate a person that works an active job. If you do not have one of those, feel free to make the challenge 2/10/100, i.e. complete it in 2 months.

No action? But, isn't action everything?

I can already hear some of you asking why “no action” in the first months. Isn't “taking action” the holy grail of self-development and money making? Well, it depends on the context.

The reason is that, unless you have the right mindset in place, the actions you will take will be probably under the wrong direction, and will cost you money and even worse, time. There is a huge opportunity cost to starting a business venture and pouring your precious time to it.

Let's suppose you start 10 different ventures in your quest to wealth. Since it will take a little time to actually evaluate the venture and see if it is profitable and worth the effort, you will need 5 years in order to test them all (assuming 6 months for each one of them).

You surely understand that you do not have the luxury of time to start “random” projects while having an incomplete mindset.

Taking action is of course a major aspect of your success, but it has to be done under the proper context and using the correct guidelines. Tread with caution.

Let's get technical!

Great! You have successfully completed the first round of education and you are ready to march forward. What comes next?

Well, by now, you should have an idea about what industries you would like to get involved in and what type of business you should start (Hint: one that is [scalable and saleable](#)).

At this point, you will most probably need to get a grasp on the technical side of the industry. Since you are not experienced in the business side of things and, in all likelihood, lack capital, you will not be able to hire people and build a team to work for you. Thus, you should invest some time and effort in educating yourself in the technical details of it.

This should be a crash course of around 1 month. At that time period, you should read some classic books on the topic and find online the websites of industry leaders and pioneers and read their material.

For example, if you believe that you should get started with Internet Marketing, you should have a look at [Quicksprout](#) and [Social Triggers](#). These guys post excellent content and sometimes offer paid courses for more advanced training. If you think they can help you and you can afford them, invest in them and make the purchases!

Your self-education never ends

One of the major themes in the Millionaire Fastlane book which I wholeheartedly agree with, is that your education never ends. You have to be constantly investing in your knowledge, both technical and more general.

After the first stage of “money mindset” and “technical” crash course ends, your reading should be split to industry specific reading (e.g. e-commerce, digital marketing etc.) and more general reading (e.g. entrepreneurship, finance, business, sales etc.).

There is no serious business owner that lacks awareness of his industry. More often than not, he will be a trailblazer that knows everything and innovates, making his competitors chase him around all the time.

Let's see what another great businessman and Billionaire (with a 'B') has to say:

"Most people won't put in the time to get a knowledge advantage. Sure, there were folks that worked hard at picking up every bit of information that they could, but we were few and far between. To this day, I feel like if I put in enough time consuming all the information available, particularly with the Internet making it so readily accessible, I can get an advantage in any technology business. Of course, my wife hates that I read more than three hours almost every day, but it gives me a level of comfort and confidence in my businesses. At MicroSolutions it gave me a huge advantage."

- Mark Cuban, *How to Win at the Sport of Business*

Most people won't put in the time to get a knowledge advantage.

Do not be one of those guys. Do the opposite.

Where is my money?

We are a few thousand words in and we have not yet discussed the juicy things, i.e. the money making part.

The reason is, that there is no specific plan to wealth. There are numerous way to make money and several angles and approaches you can take. What works for one person might not work for another, so you have to understand the fundamentals, before you actually make it.

Then, after all this reading, what do we do? How do we proceed?

You start experimenting in small projects, taking small and calculated steps. You invest a great amount of effort (a.k.a. “sweat equity”) and a small amount of money in some business ideas and ventures, and make it your main focus.

At the same time you keep educating yourself in order to obtain a competitive advantage by being more savvy than your competition.

When you find something that might have potential and seems profitable, you start [scaling things up](#). And when you start scaling, that is where the magic happens!

Remember:

The game of wealth is a constant battle!

Conclusion

Building wealth is not for the faint of heart. It takes a serious commitment and requires iron-made self-discipline, massive amount of action and serious sacrifices. You have to educate yourself and pour a lot of sweat into your venture.

The thing is, there is no other way around it, so you better enjoy it.

Closing up, don't forget:

"Entrepreneurship is living a few years of your life like most people won't, so that you can spend the rest of your life like most people can't."

- Anonymous

See you at the trenches! :-)