



# BUILDING WEALTH

*From shoeshine boy to real estate magnate*

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# INTRODUCTION

**W**ealth isn't about money.

You may be surprised that I'm saying this in a book filled with financial advice, but there is nothing I'm more passionate about sharing than this concept of wealth.

All my adult life, people have asked me, "Robert, how did you make money? How did you become wealthy?" And while I want to share that with them—and with you—I also want you to understand that those are two different questions. Yes, of course, money can help you to create wealth. But wealth is far more than a number on your bank statement.

So if wealth isn't about money, what exactly is it?

Wealth is independence.

Real wealth is the ability to live your life on your own terms. It's the freedom to switch careers, spend time with your children, improve your community, and make a difference in the world. My goal in this book is to help you not only to reach your own financial goals, but also to attain this level of wealth. Attain it and embrace it.

No journey in life is a straight line. You will circle back to different cycles every time you take a new turn. Yes, you will need to start with a Mindset of Wealth, but that doesn't mean you won't need to remind yourself of your commitment and revisit those ideas many times over

in your career. Relationships are another thing you must keep building throughout your life, but it's inevitable that there will be moments when you are so engaged in family and business obligations that other valuable relationships will be neglected. Even your vision for your life and your future will evolve over time; you'll need to regroup and refocus again and again for clarity.

This is not meant to discourage you. On the contrary, what I believe—and what I hope to show you in this book—is how real wealth is attainable at any stage of your life. Over the years, we change, circumstances shift, new opportunities continually present themselves. We may need to shore up some foundational elements we thought were taken care of. But we may also find ourselves at any time poised for the next big cycle of wealth.

The principles are here for you. Start where you are.

Enjoy the journey.

# CHAPTER ONE

## THE MINDSET OF WEALTH

**B**efore you can build wealth, you have to build your mindset. This isn't about banishing your negative associations of money or visualizing gold pouring into your life—although by all means feel free to do both if you think it will help. Building your Mindset of Wealth is about training yourself to make the decisions that support the creation of wealth rather than squandering opportunities and resources.

Your mindset is your default response to life. When presented with a new situation, your instinctive reaction is immensely difficult to overcome. If you're terrified of risk, if you spend money to make yourself feel important, if you put off long-term gains for short-term advantages, then your mindset is working against the creation of wealth. While it's not impossible to overcome these tendencies and make better decisions in the moment, it is both painful and exhausting, and it's something you will have to deal with over and over again.

Changing your mindset to one that supports the creation of wealth is a critical first step to relieving that burden. I will tell you what you need to know to create a Mindset of Wealth, but like any muscle, it needs to be exercised. Every day, you should look for opportunities to be self-reliant, to save rather than spend, to assess both risks and potential rewards, and to enjoy the life you already have.

## Learning Self-Reliance

It may sound strange to start a section on self-reliance by talking about how much other people have influenced and helped me, but bear with me. Before we can become self-reliant, we all start out as dependent, not just for food and shelter, but also for guidance on how to see the world. Our defining years are inevitably defined by someone else. For me, my mother and father played pivotal roles, each giving me a different—and ultimately complementary—view of wealth. But it was my brother, Henry, who, throughout my life, exerted a tremendous influence on the man I would become.

Henry was two and a half years older than me, and decades wiser. A brilliant man with a photographic memory and a great and loving heart, he inspired me, believed in me, and watched out for me. Henry taught me how to swim. He taught me how to dance. He opened the doors for me to employment and to college.

But before all of that, Henry taught me how to shine shoes.

My brother and I always worked around the house; family chores earned us money to go to the movies on Saturday. But it wasn't long before we wanted more than family chores could provide. My father was always wonderful with his hands, so he built Henry a solid wooden box for him to carry supplies and use as a footrest for clients while he shined their shoes. Henry started his own business and soon brought me into it. There I went, box in hand, out to Jamaica Avenue in Queens to set up shop.

I was six years old when I started working. I made ten cents for a twenty-minute shoeshine, and I quickly realized the real value of the work I did: Two shoeshines equaled one afternoon at the movies. A couple of extra shoeshines meant candy from the concession stand.

Not to brag too much, but I did a fantastic job shining shoes. First of all, I really enjoyed the work. I gave value for money, shining everything from toe to heel. I even gave it a spit polish. My shoeshine was something to be proud of.

I really believe in that. No matter what you're doing, be proud of your work. Do a complete job; delight your customer. Give real value.

If you can be justifiably proud of a shoeshine, you're on your way to great things.

Sometimes I was done in an hour; sometimes it took me all morning just to get one client. At this point, I wasn't thinking about saving or investing, but I was gaining valuable insight into something most kids never know: the power of money to create independence. I didn't have to ask anyone's permission to be able to go to the movies or buy candy or popcorn; I earned the money myself and spent it in the way that gave me the most satisfaction. Even at the age of six, I was living life to a certain degree on my own terms.

I can't stress enough the importance of this single insight. Recognizing at such a young age that earning money was not only something I could do, but that I could decide how to spend it was a defining moment in my life. Money was never something I wanted for itself. It was never associated with status or self-worth in my mind. Instead, money quickly became associated with independence.

This is a tremendously useful mindset when it comes to creating wealth.

I'll never deny that money is useful, but the constant quest for more money, or the use of money as a symbol of status or worth, is a distraction from the ultimate goal of wealth. As I mentioned in the introduction, real wealth is freedom. There is no freedom in chasing money for its own sake. You have to be able to separate your worth from your bank account.

But back to shining shoes. That particular business took me out of my own neighborhood and put me in contact with a different kind of clientele. These were men in suits, men who carried themselves with confidence. Men who—unlike my father, who did everything for himself—were willing and able to pay someone else to shine their shoes.

From them, I learned another important lesson: Money was something I could earn. Some don't learn this until high school, college, or even later. That first job can seem elusive; many people think of working for someone else as the only way to make a buck.

But I started working for myself at the age of six. All it took was

ingenuity, desire, and a secondhand shoeshine box. I grew up knowing that earning money was always *possible*—although I’m not saying it was always easy. There was competition from older boys, bad weather meant no customers, and as I was underage and unlicensed, I was often chased away by the police. In fact, my shoe-shining days ended when a cop smashed my box with his baton and nearly smashed my leg in the process. But despite the setbacks, I remained secure in the knowledge that there were things I could do in the world that were of value, that other people would pay me for.

## Henry’s Legacy

There was another way in which Henry had a profound impact on me. It was during the last week of his life. I was driving Henry to the hospital for what turned out to be the last time.

“Bobby,” he said, “I could have done more with my talents. I could have done more with my life.”

Let me tell you, this is not something you want to hear from someone you love. And it’s certainly not something you ever want to have to say yourself. Hearing this, I realized I had always assumed that Henry was living the life he wanted. And it was a good life—I don’t want to take away from that. But in the end, his greatest regret was that he hadn’t done more with what he’d been given. And mine was that I hadn’t helped him to do more.

That conversation made me double down on my commitment to help others. If Henry had been honest with himself about what he really wanted from life when there was still time, who knows what he might have accomplished? Many times in this book, I’m going to ask you to be brutally honest with yourself, now, before it’s too late to act. You don’t have to share your insights with anyone else; they are private and personal. But you have to be completely honest with yourself about what you want and what’s stopping you from reaching those goals. Your first step is to be honest about your perception of both money and your ability to earn it.

## Money as Independence

The key to the Mindset of Wealth is recognizing money as independence. We all want to have power and agency over our own lives, and money is one of the components that makes that possible. If you think of money as synonymous with your personal worth or status, you're going to miss out on opportunities to exchange money for joy—or even for more money, through smart investments that may nonetheless involve risk. Money for its own sake is not the path to wealth.

Start with recognizing your perception of money and look for ways to shift it toward the concept of independence. How can the money you already have free you from something onerous? How can it add value and joy to your life right now, today? I'm not saying quit your job or book a trip you can't afford, but I do want you to do something small that makes the relationship between money and independence real to you. It can be as small as going to a movie or perhaps paying someone else to shine your shoes. Whatever it is, be very aware of the joy and/or the sense of freedom that the experience gives you. Recognize that it's the *experience* giving you that joy, not the money itself. Money is only a facilitator.

But the Mindset of Wealth is not only equating money with independence. It's also recognizing that you have agency. You are capable of living the life you want. Self-reliance is an important skill set, and if you weren't lucky enough to learn it at six, you need to learn it as soon as you can. If you want to be wealthy, you have to start by being on top of your own needs, earning your own money, making your own decisions. The confidence of being self-reliant feeds on itself, and confidence in your own abilities is a critical component of building wealth.

## Have a Big Vision

My mother, Rosalina, was an ambitious woman. She had a gift for negotiations, for understanding people and their needs, and above all, for real estate. Although she had little in the way of formal education,

she had a firm grasp of business essentials. When I was thirteen, World War II was just winding down and my mother realized we were on the verge of a new era. Soldiers were going to be coming home, getting married, needing a place to live.

She asked my dad for \$200 to fix the roof. Instead, she used the money to put a down payment on a vacant lot in Jamaica Estates in Queens.

My mother, who had only a third-grade education, turned to me to read the contracts to her. I would sit on the top stair outside her bedroom while she was getting dressed and read the contracts aloud to her. Sometimes, I'd have to explain some of the words. But my mother didn't just listen; she memorized. She understood the numbers and she was a hard negotiator. She would walk into the room knowing exactly what was in those contracts and she would make sure she got the best possible deal. Meanwhile, I learned all about contracts and the language of business from those early years.

My mother partnered with a contractor to build three duplexes. Without telling my father, she put our house on the market. We moved into a rooming house and she used the money from the sale of our house to finance the first duplex. When she sold that, she used that money for the second duplex, and then repeated the process to finance the third. We moved into that last duplex, but only until she could parlay the other properties she'd bought into a thirty-unit apartment building in Richmond Hill. Finally, we moved into that building, as owners and landlords.

Even that didn't last, however. My mother sold the Richmond Hill property to buy a sixty-unit apartment building in Brooklyn, which itself ended up financing two tracts of homes back in Queens. She was doing tremendously well financially, but my father had had enough. My mother could tolerate an endless amount of risk—and such an ambitious project was not without setbacks. There were lawsuits, there were tenants who refused to pay, and then there was the uprooting of our family. My father hated living in an apartment, and the added pressures of the financial and legal risks were too much for him. My parents separated.

While I'm much more like my mother than I am like my father—

particularly when it comes to my tolerance for risk—I have a lot of both of my parents in me. And I was able to learn not just from their example, but from their successes and failures.

Here are the two key things I learned from my mother:

- Set a goal. Use it to leapfrog to the next goal.
- Everything in life is a negotiation.

And the two key things I learned from my father:

- Wealth is about more than money.
- Know your value.

## The Importance of Goals

It's almost impossible to talk about my mother without talking about goals. Everything Rosalina did was in service to a bigger picture. When she and my father were first married, she defied him to work outside the home because she wanted to save enough money so they could buy their own factory. When they lost that factory in the Depression, she did it again, sneaking out to work so that ultimately they could buy their second factory. And you've already read how she parlayed one vacant lot into bigger and better properties. Everything she achieved was a stepping stone to a larger vision.

My mother set a big goal for herself. She had a vision for her life and she was willing to work hard for it. But she also worked smart. She saw the steps she could take to make the vision come true, and she used each success to propel her to the next success.

This also made it easier for her—and later for me—to view every job not as merely a paycheck, but as an opportunity. Every job has its downside. The work can be boring or beneath your abilities or exhausting, or all of those things. If you just see it as an exchange of your time and energy for money, any job will quickly become onerous. But if instead you see what you're doing as a stepping stone to an important

personal goal, it not only makes it easier to bear, but also opens up possibilities to make the job itself more interesting and useful.

For instance, it's a long tradition that Hollywood agents start their careers in the mailroom. Consequently, literary and talent agencies have mailrooms filled with smart, college-educated men and women doing the most menial of tasks. Why would these young people do this? They could be very much in demand in corporate America, yet they're working below their potential for little more than minimum wage. And these jobs are competitive, with hundreds of overqualified applicants vying for each opening. Why?

Because they rightly see it as a stepping stone to the big vision of their career as a Hollywood agent. The experience of learning the business from the bottom up, the relationships they make, the negotiations they're privy to—these are worth far more to them than a paycheck.

I'm not saying you should become a Hollywood agent, of course, but I do suggest that you see your current job as a pathway to your big vision. And I know you have a big vision or you never would have picked up this book.

Think big, take small steps to get there, and wring the most out of each situation.

## **The Art of Negotiation**

In addition to having vision, my mother was a tough negotiator. She went into real estate at a time when almost everyone she would be dealing with was a man. This was not a world in which women were expected to be savvy. Also, as I mentioned, she had a third-grade education, and English wasn't her native language and she had never taken a business class. There were a lot of people just waiting to take advantage of her.

What my mother taught me is that in order to negotiate, you first have to understand exactly what's going on. What is being negotiated, who are the players, how does the business operate, what's the bottom line you need to be successful? Remember, I read her those contracts over and over again; she memorized the numbers, she understood the

risks and the possible rewards. She overcame all the strikes against her by being the most prepared person in the room—and by knowing exactly what she wanted and what she was willing to give up to get it.

But my mother was also fair. In my own business dealings, I've always looked to create a win-win. Perhaps it comes from watching what happened when negotiations between my own parents broke down and they had to separate. I believe in preparation and in knowing what you want and going for it, but I also believe in making sure everyone leaves the room with something that matters to them.

Which takes us to my father.

## Wealth Is More than Money

My father, John, was less ambitious than my mother, but I don't mean to imply that he was any less successful. They simply had different definitions of success.

Dad was an artist, a fashion designer. He had worked his way up from sweeping the floor of a garment factory, learning every aspect of the business. He was so highly sought after that he could work during the fashion "season" and then take several months off. He would listen to opera, read widely, drink good wine—in other words, he would thoroughly enjoy the life he had. My father was talented and accomplished, and he worked very hard. But he also fully enjoyed life. He had a sense of "enough."

This is something that is missing from so much of our lives today. Everyone, it seems, is pushing constantly; the messages all seem to be *work harder, move faster, be better*. While in temperament, I am driven like my mother was, my father's example had a lasting influence on me and I'm grateful for it.

My father taught me that wealth was not only money.

Money was important. My dad spent his life developing his skills, learning the garment business, and making the most of his innate talent. When it was time to work, he gave it his all despite a grueling pace. But when the season was over, he rested. He would work flat

out as a fashion designer for three months, and then didn't work again for the next nine. He didn't wait until he had retired to enjoy the fruits of his labor. And that down time gave him the chance to explore other talents. He relished working with his hands, fixing and building things. He was a tremendous cook. He refurbished the houses my mother bought. He liked making things beautiful. All of this demanded time and patience rather than money. Dad filled his days with the life he wanted, fully experiencing both the demanding work and the replenishing rest.

My dad was at peace with himself, and he showed me what it was to be satisfied.

I like to work. I like to have a side project going, I like to learn about a new business, I like to keep busy. But my father's example showed me that there is great value in enjoying what you already have. It can renew your focus. It can help you discover new interests. It might even lead to a side business. But it doesn't have to lead to a paycheck to be valuable. We only get one life. It's important to enjoy the journey.

## **Know Your Value**

The other important lesson my dad taught me was to know my own value. When I said he was in high demand, I wasn't exaggerating. He was a fashion creator and he reached the pinnacle of success in his field. Garment factories would come to him and offer him fabulous sums to teach their staff how to do what he did. He always refused. He would patiently explain that this was his talent, his ability; even if he could teach someone else the art of how he designed, he didn't want to.

Don't give yourself away. Know the value of what you do. I'm not saying don't mentor others; in fact, I'm a big believer in mentorship and will have more on that later in the book. What I'm saying is don't sell yourself short. Don't assume by default that if you can do it, anyone can. Work hard, build your skills, refine your talents. And then be prepared to ask for what you want and be paid for what you're worth.

## Own Your Destiny

It's important to recognize that the small decisions you make every day have a lasting impact on your life. If you want to be wealthy, you have to make decisions that will support that. These are probably different decisions than the ones you're making now.

For instance, credit cards. I've seen people buy a cup of coffee with a credit card instead of cash. This is a terrible idea! First of all, if you're not paying the entire balance off every month, that coffee costs you more because you're paying interest on it—money that could go to building the life you want. But even if you do pay off your balance every time, I'm still not a believer in credit cards because they give you a sense that you have more money than you actually do. It's hard to build a budget and stick with it when you don't see the money passing through your hands.

At one point in the 1970s, I was asked to speak to a church group, to the women of the congregation, about money. Women, as the stewards of their family's budget, were also the keepers of the credit cards. And one of the things I asked them to do was to hand over all their credit cards to me, so that I could destroy them.

I was not very popular.

It's forty years later, but my message hasn't changed. You might not like to hear it any more than they did, but I promise you, it is life changing. Credit cards work against you. They encourage you to spend more, they penalize you heavily if you fail to pay them off in full every single month, and they prevent you from seeing that each purchase is a decision that has a real impact on your wallet. Taking on a business loan is one thing; scrambling financially in your personal life is something else entirely.

Happiness is being on top of your money. Being independent is freedom. Sure, credit cards are convenient, but if you're not willing to trade a little inconvenience now for a wealthy and secure future, put the book down now. I can't help you. You have to be able to see that the choices you make now are setting you up for either future success or future failure.

What do you actually want from life? I want freedom. I've always

wanted it. I wanted to be able to make decisions because they were right for me, not because I was shackled to a paycheck. That meant building my skills, trying new things, getting an education, but above all, it meant being unburdened by debt.

I have been able to take advantage of tremendous opportunities in my life, even when they came with a smaller paycheck, because of this philosophy. We think we always keep going up and up, but that's not true. If you change careers, if you find something else you're passionate about, if you realize that an additional skill set would set you apart, sometimes you need to go back to school, or to start over somewhere else and take a pay cut. I never hesitated to start at the bottom rung if it was a good opportunity—and I didn't have to hesitate, because my wife, Bernice, and I never burdened ourselves by taking on personal debt. I've grown from every opportunity; like my mother, I've been able to parlay one thing into another. But it hasn't always been easy, or a straight path. Being saddled with personal debt—having to make decisions based on fear and the pressing need for a paycheck, rather than on possibility and security—would have made my journey harder, if not impossible.

Beyond giving you the breathing room to make good decisions, embracing stewardship of your finances is foundational. In the next chapter, I'm going to talk about the power of savings and the importance of living below your means. All I ask from you now is that you try it. If you're not already debt-free, make it your primary goal to get there. The peace of mind that you'll feel when debt is no longer hanging over your head is the first step toward real wealth.

## **No Excuses**

This is your life. You only get one shot at this. Excuses are not acceptable. I'm not saying you have to make a million dollars to be successful—what I am saying is that once you figure out what success means to you, you have to commit to it fully. Don't let yourself off the hook. Live the life you want to live, whether it's working flat out for three months and cooking and listening to opera for the other

nine, or relentlessly sewing practically 24/7 to build an investment fund.

Don't compare yourself to others. There will always be someone with more money, more success, more talent, more genius than you. What does that matter? It has no impact at all on your life. All that matters is that you deliberately live the life you want fully and with the people you love, so that when the end comes, you can look back and have no regrets.

And you may just make a million while doing it.

## RECAP: THE MINDSET OF WEALTH

- **Money is not wealth.** Money is one tool to help build a life of wealth, but it's not important for its own sake, only for what it can do for you.
- **You are capable of creating value that others will pay you for.** If a six-year-old can make money as an entrepreneur, you certainly can.
- **Have a Big Vision.** Leverage your current goal to leapfrog to your next goal.
- **Be honest with yourself about your tolerance for risk.** Minimize risk with due diligence, research, and preparation, but understand that nothing is entirely risk-free.
- **Appreciate and enjoy what you already have.**
- **Your expertise makes you valuable.** Don't give it away.

- **Get out of debt.** Cut up your credit cards, avoid retail therapy, and feel the happiness and freedom that financial security brings.
- **Don't compare yourself to anyone else.** Live your life, your way. Make the most of your talents and your opportunities; don't get caught up in either envy or arrogance.

# CHAPTER TWO

## LAYING THE FOUNDATION

I'll tell you the truth: Most people want to get rich by winning the lottery. They want an easy solution that requires no effort and little outlay. Of course, what most people don't realize is that winning the lottery is no guarantee of a lifetime of wealth. In fact, many lottery winners end up broke within a few years. The same is true of athletes with million-dollar salaries, A-list actors, heirs to family fortunes—almost anyone who receives a sudden windfall is vulnerable to losing it all. Why is that?

Because they haven't developed a foundation that supports wealth.

What I mean by that is they haven't been taught how to manage their money. And the time to learn is before you have a lot of it; money can bring complications as well as opportunities. You need a solid foundation in place both to build wealth and to deal with it once you have it.

I honestly don't know why schools don't teach money management early, right alongside math and reading. The ability to read a contract and to understand what it means for your future, the ability to develop a budget and not have to scramble to pay the bills every month—these things are as foundational to a successful life as understanding chemistry or discussing history or speaking a second language. Maybe more so.

While I can't change the national curriculum, I can educate you

about the critical things you need to be able to do. And we're going to start with the single most important piece you'll need to master to transform your life.

We're going to start with a budget.

## Understanding Your Budget

Your budget is your financial lifeline. It's not just about how much you have for groceries, it's about making sure you have enough to build a business and launch your dreams. I don't just want you to budget—I want you to *love* to budget. I want you to embrace your personal or family budget as the key to your future success.

If you can't budget a household, you can't budget a business.

Start with the numbers. Numbers provide clarity. You may have been avoiding looking at them because they don't seem to you to be impressive enough. You may not be bringing in as much money as you want to; you may think that a low income is a reflection of your worth as a person. Nothing could be further from the truth. When I shined shoes for ten cents a polish, I never saw my worth as being tied to the money I made. On the contrary, my self-confidence was increased by the fact that I was making my own money, however small the amount, and by the pride I took in the job I did.

Numbers are your friends. Knowing your actual income and outgo is the first step toward gaining control over your financial life. As long as you remain ignorant about your financial situation, you can kiss any thought of wealth goodbye.

It might help to think of your budget as the budget of a business: You, Inc. Whatever it takes to shake off the emotional baggage that's keeping you from honestly assessing your financial situation, do it. The stakes are that high.

## Outgo

To start with, take a look at where you spend your money. Some

financial advisers suggest keeping a notebook and tracking every purchase for a month, and that's great. Don't let me stop you if you want to run with it. But I don't really want you to wait a month before getting some numbers in front of your eyes. For the most part, your fixed expenses don't change all that much, and that's where I want you to start.

How much do you pay in rent or mortgage? What about utilities? Insurance? Property taxes? These are your fixed costs. If they fluctuate—heating costs, for instance, are far more in December than they are in July—then grab your bills for the past year, add them up, and divide by twelve to get a monthly average. (If you don't keep physical bills, don't worry; we live in the age where everything is online, so check your account.) Phone, college loan repayments, money you send home to your mother—whatever you do every month, write it down. I'm not asking you to evaluate, trim, refinance, or judge here. Just get the numbers on a piece of paper.

Chances are this is not all you spend in a month. If you commute to work, for instance, you need to buy metro tickets or put gas in the car. That kind of expense is necessary. Dinner out on Friday nights, not as much. Grab your credit card statements—because despite my strong suggestion, I'll bet you still haven't cut up your credit cards yet—and take a look at where the money went. Groceries, coffee, dinner with friends, movies. Again, I'm not judging and I don't want you to; not yet, anyway. Just get it all down, each in its own category.

Total it up. Now you have a ballpark for your monthly expenses.

## Income

Now take a look at your income. This is usually pretty simple. Most people have one paycheck every two weeks. Even if you have an extra job or part-time income, you can pretty much rely on a certain amount every month. If you work for yourself, your income can vary, sometimes spectacularly, as my father's did. If that's true for you, total up your annual income and divide by twelve. You want real numbers to work from.

## Income Over Expenses

I am hoping that you have a positive number when you subtract your expenses from your income. If you don't, then this is your first priority, fixing this immediate situation. I have some ideas that I'll talk about later in this chapter, but I can't stress this enough: You are never going to be wealthy until you control your finances. If you're in the red—and even if you're just skating close to the red—your finances are controlling you. You can't create wealth when you're scrambling to make rent.

My mother understood this. Despite my father's objections, she insisted on working outside the home. Let's be clear: This was not so that we could go on lavish summer vacations. My mother sewed piecework—constantly, because she was paid by the piece—so that she and my father could buy a garment factory. And after they lost the first factory in the Great Depression, she did it again so that they could buy their second factory.

Did you get that? My mother raised the extra money needed to buy a factory with one piece of sewing at a time.

Don't tell me that it was a different era, because I guarantee you that women seamstresses have never been a highly paid workforce. And sure, my father's income also went to the factory, but it was also what we all lived on. It would have taken far longer for my parents to build their business without that extra income.

You may need a second job. I myself have never been without what the kids today call a “side hustle.” I recommend it for a lot of reasons, all of which I'll discuss in a minute. But before we go into ways to supplement your income, you first need to go back and look at all those expenses.

## Living Beneath Your Means

This is where I'm going to ask you to make some hard decisions. This is also where you have the power to immediately change your life.

When my wife, Bernice, and I first got married, I was going to

college while she worked full-time. Eventually, I was able to get some scholarships to lighten the burden, but we didn't have a lot of money kicking around. And it was never our plan to be a two-income household; Bernice was putting me through college so that I could get a better job and we could start a family. Money wasn't in our present or our immediate future.

That didn't mean we didn't have fun.

What we did do was make the decision that our future was just as important as our present. I knew right away that Bernice wasn't someone who needed the high life to be happy: Our first date was going to church during Holy Week to see the Stations of the Cross. The first time I took her out to dinner, she ordered a cheese sandwich, the cheapest thing on the menu. We weren't even really a couple yet, and already Bernice was watching out for me financially. When we did get married—I was ready the moment I met her, but she made me wait six months—we had a great time doing things on the cheap or for free, because we were together. We went on a lot of walks. We had picnics in the park. We didn't even go to the movies—we stayed home and watched TV, but we never felt deprived.

We were building a future together. Even on only one paycheck and paying for college, we still put a big chunk of Bernice's salary into our savings account. When I held a day job, I told my family that we were going to live off of my salary. Anything else—anything from side jobs or from our investments—all of that money went into savings to be reinvested either into the business or into a better opportunity. We budgeted for everything, including food, and we stuck to that budget. You can look at anything in life as either a deprivation or an opportunity. Bernice and I always saw our finances as a way to build our future, and we raised our children on that philosophy. Just like with art, having some restrictions forces you to think creatively. For us, our budget compelled us to find creative ways to have fun together.

Remember how much my father enjoyed life? A glass of wine, a record playing, a good book and he was a happy man. He took great joy in cooking dinner, and he was a terrific cook, better than my mom, because he loved it so much. You can start living a life of wealth right now by choosing to do the things you love that don't cost much money.

It sounds simple, and it is. Living below your means is true freedom because it takes worrying about money right out of the equation. It's far more satisfying and easier to sustain than trying to buy happiness with a credit card.

You can rail against it or you can embrace it, but living below your means is the only way to build the savings you will need to take risks, grow a business, and succeed financially. And it's certainly the only way to make sure that you keep your money once you've got it.

## **Compound Interest Is Your Friend**

The basic rule of wealth is to let your resources compound. If you stuff your money in a mattress, okay, you'll have a bed of money, but what you won't have going for you is the power of compound interest. This is when your money gets interest and the interest is added into the principal so that it, too, can earn interest. Reinvesting dividends in stocks is similar in that you end up with more shares that can earn more for you as the stocks go up.

Reinvesting profits into your business falls along similar lines. Buying more efficient machinery, investing in education for your workforce that will allow them to be more effective, buying a new building or upgrading an existing one so that you can be at the top of the rental scales—these are all ways to have your money work for you. But the mindset starts with understanding and seeking out ways to grow your savings with compound interest at the best possible rates.

## **Time**

You also need to budget your time. There are more things you *could* do than you have time to do. You need to set priorities within your business. What can you do that no one else can do? Focus your attention there. What is urgent? What is important? There is a difference, and you often need to juggle both. There's a lot of stress involved in running a business and much of it revolves around not having enough time to

do all the things that need to be done, or—more critically—to even consider all the things that need to be considered. There have been a couple of times in my life where I moved too quickly, where I didn't think through the best use of my resources. Having a little extra time is like having that cushion of money, and you get it the same way, but relentlessly cutting out the things that cost you time with no return.

Of course, you could also go sit down and watch TV rather than spend that time putting together a marketing plan for your new product. If this sounds like I'd vastly prefer you write up the plan, well, you're right. I would. But it's not my life we're talking about, it's yours. You have to make the choice. I want you to make choices that lead to a good life, a wealthy life. If you were to tell me that watching that particular TV show was a conscious decision because it's time you spend together with your family once a week—okay, now you have my attention. What you choose to spend time on reflects your values like nothing else, even more than what you spend money on. I'm just saying, weigh your options. Be deliberate.

## Education

I grew up in a different era than children today. When I was in elementary school, only one in four Americans ended up with a high school diploma. Far fewer went on to college. But in our family, there was never any question: My parents had high expectations. Ultimately, both my brother and I didn't just finish high school, but also went on to college. In fact, Henry got his PhD, taught college, wrote books, and mastered French, German, and Italian. It was certainly far beyond what was expected of us—of anyone, really—when we were kids.

My parents understood the importance of education. My mother had only gone as far as third grade; while she appreciated having me to read contracts to her, she would rather have been able to read them for herself. And both she and my father understood how essential math was to everything we wanted to do in life.

If you're still in school, get a solid education. You will never regret it. It's not about the letter grade, it's about mastery. Letter grades, in

my experience, have been a poor predictor of success in life. But if you learn not just how to read, but how to understand what you read, you're in good shape. Make sure you have a solid grasp of math, including accounting. Learning how to read a proposal and see what's missing, or how to keep the books—those are such basic skills to being successful financially, it's akin to learning the alphabet. Take night classes, go online, hire a tutor, do whatever you need to do to come out the other end confident in your ability to understand the building blocks of the business world. My mother understood every word of the contracts I read to her. She did the math in her head. She ran circles around the lawyers and businessmen in every negotiation. Confidence and mastery go hand in hand, and each one supports the other.

I did poorly in high school, at least at first. Although I did well in math in college, back in high school, I couldn't see the practicality of algebra and I failed it. I had to take a world language, and my Italian kept popping up in the middle of Spanish class. But high school was of immense importance to me not in spite of, but because of, those failures. I switched from an academic diploma to a commercial one, and it made all the difference. For the first time, I was taking business courses, including bookkeeping. I loved these courses and I did very well in them. These classes were practical and I could see how they would help me become the person I wanted to be. Explore your options, take a variety of classes, see where you shine. Again, it's not the grades that matter, but mastery and direction. You only get one life, so make sure it's going where you want it to go.

When I started working, it was for General Electric Credit Corporation. I wanted to put those high school business courses to work. I started as a messenger, but pretty soon I was a file clerk and then a reconciliation accountant. The lightbulb moment for me came when I realized that another guy doing roughly the same work I did was making a lot more money. Why? Because he had gone to college. Right there, I made the decision that I was going to get my college degree. It was an excellent decision, both for the education and for the relationships I made.

Beyond what you can learn through formal education, there is another education I want you to go after. Go out into the world. Move

around. Learn from everyone. This is the second education: the education of employment, of a business career.

The more you know, the more you realize what you do not know. Change is constant, and you have to be able to spot opportunities when they present themselves—and also realize when something is winding down. The advent of the motor car effectively ended the booming industry in carriage-building. Individuals who invested in themselves by learning how to fix these new engines found they were in high demand; those who only knew how to repair carriage wheels had some hard years ahead.

Like school, this second education can also encompass finding out where your talents lie. You may think you want to go into the restaurant business. Maybe, like my dad, you love to cook. Maybe you've even taken cooking classes and (I trust) a good course in accounting so you understand the books. Going and getting an actual job in the kind of restaurant you want to own will be a revelation to you. Work the front of the house at one place, work the hot line at another. See the hours the owner puts in, and what they actually do. You may ultimately decide that you do want to be a chef, or maybe you want to manage the restaurant, or maybe you discover a love of public relations and decide you want to specialize in PR for restaurants. You won't learn the reality of any business and where your particular skill set meshes with that industry's needs until you have worked in that world.

## **Working for Someone Else**

A lot of books out there today suggest you can find financial success by following your passion, working only a few hours a week, and quitting your day job. It sounds great, but it's not what you'll find here in this book because those things do not, in my experience, automatically lead to success. Bernice and I traded off on holding day jobs to make sure the rent was paid and food made it to the table, and there have been times in my life when I've worked every possible hour in the day. When it comes to following your passion, well, there you have me, because I have followed mine. I have always been driven to be

financially successful, and I've enjoyed every bit of my life along the way. Just don't expect passion alone to get you there.

But back to day jobs. There are advantages to working for someone else. For one thing, you don't have to be the one to rustle up the clients. A paycheck arrives on time, every couple of weeks. Money is paid into your social security and taxes. I held a regular nine-to-five job for much of my life, and as a way to learn about a business or industry, meet your financial obligations, save for the future, and—especially—meet people in your field, working in an established company is peerless.

It also provides you with the opportunity to get better at the skills you will need to run your own business. For instance, way back when I was delivering newspapers, my brother and I showed up on time, every day. You won't be surprised to learn that not every elementary school kid is that consistent and reliable. The newspaper dealer was so impressed with us that he gave us more routes. Not only did that mean more papers and more money, but these were also much better routes in high-rises, which meant more deliveries in a shorter time. I learned at a very young age that just showing up on time every day helped me to stand out, and that I was rewarded for that. And you know what? I've found that to be true my entire life. Being consistent and reliable is a foundational skill, and if it's one you struggle with, let me suggest you start working on it. We're going to talk later about your reputation and how that can help or hinder your business deals and ultimately your success, and being reliable is the cornerstone of a good reputation. Start small, but start today.

Working for someone else is particularly valuable when you're trying to get a foot in the door of a new industry. My father started by sweeping floors in a garment factory and worked his way through every level until he was at the very top. I never minded taking a pay cut and starting over at the bottom if it meant learning about a new business. Part of that was self-confidence; I knew I had something to offer every employer, and I wasn't going to be stuck at the bottom for long. But it was also that I understood the value of learning about the realities of the business rather than coming in mid-level with big ideas and no scaffolding on which to pin them. Seeing the problems faced by

your staff, your sales team, and your customers can only lead to more creative, on-point, and successful solutions. If you're going to climb the ladder of any industry, starting at the bottom rung gives you the firmest foundation.

There's another plus to working for someone else: It gives you an automatic way into the relationships that dominate any business. You meet colleagues, you meet suppliers, you meet customers, and you meet them all with the weight of an established company behind you. Relationships are such an important piece for you to develop that I'll be talking about it in depth in the next chapter.

Most of all, when you work for someone else, you learn how to please both the boss and the customer. You also learn to handle your fellow employees. Too many employees speak ill of their employers; don't be one of them. It's important to learn to balance your professional relationships with your peers with your professional obligations to both your employer and your clients. Most of life is spent navigating between people with different agendas and ideally making them all happy. In addition, how you deal with others—with grace, I hope, and with integrity—is a tremendous factor in your success. When you're working for someone else, that is a skill you are forced to develop, working with other people and even learning to be the go-between who makes other relationships run smoothly. It is a very good skill to have.

Be open to learning whatever the job can teach you. Look for the foundational skills—how to negotiate, how to listen, what is valued within that business or community—as well as specific skills such as learning to read contracts, balancing the books, or understanding project designs. Nowadays, there seems to be a specific software for every business imaginable; teaching yourself on the job is as good as graduate school, and instead of shelling out tuition, they're paying you to do it.

## **Working on the Side**

You already know that I was my own boss by the age of six—at least until the policeman smashed my shoeshine box. But I didn't stop there. During World War II, Henry and I went around the neighborhood

picking up old papers and scrap metal, which we sold to the salvage yard. After the war, we did grounds work, shoveling snow in the winter and cutting grass and pulling weeds in the summer. Small though I was, I caddied at the golf course. And Bernice and I managed our apartment buildings while I was still working full-time and she was raising the kids. All my life, I've been earning my own money on my own time with some kind of side businesses.

I'm a big believer in doing something where you are your own boss. Your day job may be working for someone else, or maybe you're still in school, but there are many advantages to working for yourself on the side.

For one thing, you learn valuable skills. As a young boy, I delivered newspapers and learned all about collections when clients didn't want to pay for their subscriptions. This was a skill my mother would count on in the coming years when she'd send me to talk to tenants who were late on their rent. You also learn about time management. You've heard the saying, "If you want something done, ask a busy woman"? When you have a lot on your plate, you learn to make the most of every minute. Henry and I managed our jobs, school, homework, friends, sports, and family time. It's a skill I use to this day.

There's a pride, too, that comes from managing your own time and directly seeing how what you do—or what you choose not to do—impacts your bottom line. It's also a way to try out new avenues and pick up new skills, especially when you're young and you're not yet sure what kind of work will be fulfilling.

And then of course there's the money. You will need capital to fund your business, and to do that, you will need to sock away as much money as you can. I'm going to repeat myself, but living below your means is the smartest decision you will ever make. Putting a chunk—as big a chunk as you can—of your paycheck into your savings will give you the financial foundation you need to start or grow your business, make your first real estate deal, take a necessary risk in your career. Supplementing that with income from a side business will enable you to pursue your goals that much faster.

One of the key things to understand with any business, whether you're working for yourself or for someone else, is that nothing lasts

forever. The shoe-shining business ended with a broken box (and nearly a broken leg; I was lucky that the box took the brunt of the police officer's blow), our salvage endeavors ended with the war, and I've ultimately had half a dozen jobs or more come to an end, usually leading to a move on to something better.

Today this ability to move on to a better prospect is called "pivoting." In my youth, we called it common sense. I was a caddie at an elite golf course; this was a formative experience for me, as it made crystal clear the divide between the golfers and the caddies. I knew right then which side I wanted to be on. As I caddied, I noticed that if the ball went wrong on the fifteenth or sixteenth hole, there was a good chance it would sail over the fence. Henry and I would scramble around after the match was over, looking for lost balls. If they were still in pretty good shape, we could sell them for five or ten cents each to another golfer the next day. I was pretty quick to do the cost-benefit analysis (numbers again!) and it was clear we could make more money for less work by retrieving balls than by caddying. You can call it a pivot; I call it one of the easiest decisions I ever made.

No matter what your situation, be eager to learn and quick to help, but always be looking for your next opportunity.

## RECAP: LAYING THE FOUNDATION

- **Set a budget.** With personal finances, knowledge is power.
- **Live beneath your means.** Scrambling to pay the bills is the antithesis of living a wealthy life.
- **Challenge yourself to live creatively on your budget.** Enjoy the life you're already living.
- **Build your self-confidence by finishing what you start and mastering what you need to learn.**

- **Learn to read, and to understand what you've read.** Contracts can support your success or create pitfalls that can sabotage your future.
- **Get over any fear of math.** The power of numbers is foundational to every business.
- **Get the education you need to do not just your own job, but your next job.** This means challenging yourself to keep learning all the time.
- **Show up.** Be consistent and reliable in everything you do.
- **Be open to learning whatever the job can teach you.**
- **Look for opportunities everywhere.** When you see a better opportunity, take it.