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The Millionaire Next Door

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Note: "The Millionaire Next Door" is the compilation of the findings of a 20-year research study which examines how individuals become millionaires. It is presented on this Site to stimulate class discussion and learning and to dispel commonly held beliefs about millionaires, how they acquired their wealth and how they spend it.

A Summary

Twenty years ago we began studying how people become wealthy. Initially, we began by surveying people in so-called upscale neighborhoods across the country. In time, we discovered something odd. Many people who live in expensive homes and drive luxury cars do not actually have much wealth. Then, we discovered something odder. Many people who have a great deal of wealth do not even live in upscale neighborhoods.

Why are so many people interested in what we have to say? Because we have discovered who the wealthy really are and who they are not. And, most importantly, we have determined how ordinary people can become wealthy.

What is so profound about these discoveries? It is this --- most people have it all wrong about wealth in America. Wealth is not the same as income. If you make a good income each year and spend it all, you are not getting wealthier. You are just living high. Wealth is what you accumulate, not what you spend.

How do you become wealthy? Here, too, most people have it wrong. It is seldom luck or inheritance or advanced degrees or even intelligence that enables people to amass fortunes. Wealth is more often the result of a lifestyle of hard work, perseverance, planning and most of all, self-discipline.

Millionaires and You

There has never been more personal wealth in America than there is today (over $22 trillion in 1996). Yet most Americans are not wealthy. Nearly one-half of our wealth is owned by 3.5 percent of our households. Most others don't even come close. Most of these millions of households are composed of people who earn moderate, even high, incomes. More than 25 million households in the U. S. have annual incomes in excess of $50,000; more than 7 million have annual incomes over $100,000. But in spite of being "good income" earners, too many of these people have small levels of accumulated wealth. Many live from paycheck to paycheck. These are the people who will benefit from this book.

The millionaires we discuss in this book are financially independent. They could maintain their current lifestyle for years and years without earning even one month's pay. The large majority of these millionaires are not descendants of the Rockefellers or Vanderbilts. More than 80 percent are ordinary people who have accumulated their wealth in one generation. They did it slowly, steadily, without signing a multi-million-dollar contract with the Yankees, without winning the lottery, without becoming the next Mick Jagger. Windfalls make great headlines, but such occurrences are rare. In the course of an adult's lifetime, the probability of becoming wealthy via such paths is lower than one in four thousand. Contrast these odds with the proportion of American households (3.5 per 100) in the $1 million and over net worth category.

Who becomes wealthy? Usually the wealthy individual is a businessman who has lived in the same town for all of his adult life. This person owns a small factory, a chain of stores, or a service company. He has married once and remains married. He lives next door to people with a fraction of his wealth. He is a compulsive saver and investor. He has made his money on his own. Eighty percent of America's millionaires are first-generation rich.

Affluent people typically follow a lifestyle conducive to accumulating money. We discovered seven common denominators among those who successfully build wealth.

The Seven Common Denominators

- Live well below their means
- Allocate their time, money and energy efficiently
- Believe financial independence is more important than displaying high social status.
- Children are economically self-sufficient
- Parents did not provide outpatient economic care
- Proficient in targeting market opportunities
- Chose right occupations.

The Research

The research for the "The Millionaire Next Door" is the most comprehensive ever conducted on who the wealthy are in America - and how they got that way. Studies included personal and focus group interviews with more than 500 millionaires and surveys of more than 11,000 high net worthy and / or high-income respondents.

What have we discovered? Mainly, that building wealth takes discipline, sacrifice and hard work. If you are willing to make the necessary trade-offs of your time, energy and consumption habits, you can begin building wealth and achieving financial independence.

Portrait of a Millionaire

"These people cannot be millionaires! They don't look like millionaires, they don't dress like millionaires, they don't eat like millionaires, they don't act like millionaires - they don't even have millionaire names. Where are the millionaires who look like millionaires?"
--V.P. of a trust department

Who is the prototypical American millionaire? What would he tell you about himself?

- I am a 57-year-old male, married with three children. About 70 percent of us earn 80 percent or more of our household's income.
- About one in five of us is retired. About two-thirds of us who are working are self-employed. Interestingly, self-employed people make up less than 20 percent of the workers in America but account for two-thirds of the millionaires. Three of four of us are entrepreneurs. Most of the others are self-employed professionals, such as doctors and accountants.
- Many of the types of businesses we are in could be classified as "dull-normal." We are welding contractors, auctioneers, rice farmers, owners of mobile-home parks, pest controllers, coin and stamp dealers and paving contractors.
- Half of our wives do not work outside the home. The number one occupation for those who do work is teacher.
- Our household's total annual realized (taxable) income is $131,000, while our average income is $247,000.
- We have an average household net worth of $3.7 million. Nearly six percent have a net worth of over $10 million. The typical millionaire household has a net worth of $1.6 million.
- On average, our total annual realized income is less than seven percent of our wealth. IN other words, we live on less than seven percent of our wealth.
- Most of us (97 percent) are homeowners. We live in home valued at an average of $320,000. About half of us have occupied the same home for more than 20 years. Thus, our homes have appreciated greatly.
- Most of us have never felt at a disadvantage because we did not receive any inheritance. Almost 80 percent of us are first-generation affluent.
- We live well below our means. We wear inexpensive suits and drive American-made cars. Only a minority of us drive the current-model-year car. Only a minority ever lease a vehicle.
- Most of our wives are planners and meticulous budgeters. They are more conservative with money than we are.
- We save at least 15 percent of our earned income.
- We have more than six and one-half times the level of wealth of our non-millionaire neighbors, but in our neighborhood, these non-millionaires outnumber us better than three to one.
- We are fairly well educated. Eighty percent are college graduates. Eighteen percent have master's degrees, eight percent have law degrees, six percent medical degrees and six percent have Ph. D's.
- Only 17 percent of us or our spouses ever attended a private elementary or private high school. But 55 percent of our children are attending or have attended private schools.
- We believe education is extremely important for ourselves, our children and our grandchildren. We spend heavily for the education of our grandchildren.
- About two-thirds of us work between 45 and 55 hours a week.
- We are fastidious investors. We invest nearly 20 percent of our household realized income each year. Most of us invest at least 15 percent. We make our own investment decisions.
- We hold nearly 20 percent of our wealth in transaction securities such as publicly traded stocks and mutual funds. But we rarely sell our equity investments. We hold even more in our pension plans.
- As a group, we feel our daughters are financially handicapped in comparison to our sons. Most of us would not hesitate to share some of our wealth with our daughters.
- What would be the ideal occupation for our sons and daughters? We recommend accounting and law to our children.

- I am a tightwad. I am my favorite charity.

What is wealth?
We do not define wealthy, affluent, or rich in terms of material possessions. In this book, we define the threshold as being wealthy as having a net worth of $ 1 million or more.

Based on this definition, only 3.5 million (3.5 percent) of the 100 million households in America are considered wealthy. About 95 percent of millionaires in America have a net worth of between $1 million and $10 million. Why focus on this group? Because this level of worth can be attained in one generation. It can be attained by many Americans.

Whatever your age, what should you be worth right now? A simple Rule of Thumb --- multiply your age times your realized pretax annual household income from all sources, except inheritances. Divide that number by 10.

Example. A man, 41, makes $ 143,000 per yr. $12,000 per year dividends. Multiplying the sum ($155,000) by 41. That result is $6,000,355 divided by 10 is $635,500.

How do you measure up? If you are in the top quartile for wealth accumulation, you are a **Prodigious Accumulator of Wealth or "PAW."** If you are in the bottom quartile, you are an **Under Accumulator of Wealth or a "UAW."**

We have developed another simple rule. To be well positioned in the PAW category, you should be worth twice the level of wealth expected.

PAWs are builders of wealth. They are the best at building net worth compared to others in their income / age category. PAWs typically have a minimum of four times the wealth accumulated by UAWs.

Most people who become millionaires have confidence in their own abilities. They do not spend time worrying about whether or not their parents were wealthy. They do not believe that one must be born wealthy. Note the following facts about American millionaires:

- Only 19 percent receive any income or wealth of any kind from a trust fund or an estate.
- Fewer than 20 percent inherited 10 percent or more of their wealth.
- More than half never received as much as $1 in inheritance.
- Fewer than 25 percent ever received "an act of kindness" of $10,000 or more from their parents, grandparents or other relatives.
- Ninety-one percent never received, as a gift, as much as $1 of the ownership of a family business.
- Nearly half never received any college tuition from their parents or another relative.
- Fewer than 10 percent believe they will ever receive an inheritance in the future.

More than 100 years ago, the same was true. A study showed that 84 percent of the "nouveau riche" reached the top without the benefit of inherited wealth!

Frugal, Frugal, Frugal.

The first time we interviewed a group of people worth at least $10 million, the session turned out differently than we had planned. We were contracted to study the wealthy by a large international trust company. We were to study the needs of high-net worth individuals.

We rented a posh penthouse on Manhattan's fashionable East Side. Our food designers put together a menu of four pâtés and three kinds of caviar, with high-quality 190 Bourdeaux plus a 1973 cabernet sauvignon. When the first guest arrived, we asked, "May I pour you a glass of 1970 Bourdeaux? The response? "I drink scotch and two kinds of beer - free and Budweiser!"

Occasionally our guests glanced at the buffet. Not one touched the p‰t_ or drank our vintage wines. All they ate were the gourmet crackers. We hate to waste food. The trust officers in the next room consumed most of the food, after the event.

It is unfortunate that some people judge others by their choice in foods, beverages, suits, watches, motor vehicles and such. To them, superior people have excellent tastes in consumer goods. But it is easier to purchase products that denote superiority than to be actually superior in economic achievement.

What are three words that profile the "affluent?" - Frugal, frugal, frugal. Webster's definition - behavior characterized by or reflecting economy in the use of resources. Being frugal is the cornerstone of wealth-building. Yet far too often the big spenders are promoted and sensationalized by the popular press. But the lavish lifestyle sells TV time and newspapers. All too often young people are indoctrinated with the belief that "those who have money spend lavishly" and "if you don't show it, you don't have it." Could you imagine the media hyping the frugal lifestyle of the typical American millionaire? What would the results be? --- low TV ratings and a lack of readership, because most people who build wealth in America are hard working, thrifty and not all glamorous.

The Lifestyle of the Typical American Millionaire
Business Suits? According to our most recent survey, the typical American millionaire reported that he (she) never spent more than $399 for a suit of clothing for himself or anyone else. About one in 10 millionaires paid $285 or less and one in 10 paid $195 or less for his most expensive suit.

Some millionaires shop at JC Penney. Even more surprising, 30.4 percent of the respondents to our survey hold JC Penney credit cards. Penney's private-brand Stafford Executive suits were recently given top scores for durability, cut and fit by a leading consumer publication.

Shoes? About half the millionaires surveyed reported they had never spent $140 or more for a pair of shoes. One in four had never spent more than $100.

Jewelry? Half the millionaires surveyed never spent more than $235 for a wristwatch. About one in 10 never paid more than $47, while one in four spent $100 or less.

Playing Great Defense
The affluent tend to answer "yes" to three questions we include in our surveys.

1. Were your parents frugal?
2. Are you frugal?
3. Is your spouse more frugal than you are?

Nearly 95 percent of millionaire households are composed of married couples. In 70 percent of these households, the male contributes at least 80 percent of the income. Most of these men play great offense in the game called income generation. Most of these households also play great defense --- they are frugal when it comes to spending for consumer goods and services.

The foundation stone of wealth accumulation is defense, and this defense should be anchored by budgeting and planning. They become millionaires by budgeting and controlling expenses, and they maintain their affluent status the same way.

Four Key Questions?

- Does your household operate on an annual budget?
- **Do you know how much your family spends each year, for food, clothing and shelter?** Like most American households, most wealthy households have a MasterCard and a Visa card. Both Sears and Penney's cards are significantly more popular among the wealthy than the cards of status retailers. Only 6.2 percent of the respondents hold the American Express Platinum card; 3.4 percent hold Diners Club; and less than one percent own Carte Blanche.
- Do you have a clearly defined set of daily, weekly, monthly, annual and lifetime goals?
- Do you spend a lot of time planning your financial future? Millionaires not only spend more time per month planning their finances, they seem to get more out of their financing hours. They astutely allocate their time so they can plan their business and personal investing at the same time.

How much does the typical American household realize in income each year? About $35,000 to $40,000 or nearly the equivalent of 90 percent of one's worth. The result is that the typical household in America pays the equivalent of more than 10 percent of its wealth in income taxes each year.

How about the millionaires? On the average, their annual income tax bill is equal to only a bit over two percent of their wealth.

If you're not yet wealthy but want to be someday, never purchase a home that requires a mortgage that is more than twice your household's total annual realized income.

Time, Energy and Money

Efficiency is one of the most important components of wealth accumulation. People who become wealthy allocate their time, energy and money in ways consistent with enhancing their net worth. PAWs allocate nearly twice the number of hours per month to planning their financial investments as UAWs do. UAWs spend less time than PAWs, consulting with professional investment advisors, searching for quality accountants, attorneys and investment counselors; and attending investment-planning seminars. PAWs spend less time worrying about their economic well-being. UAWs are much more concerned with the prospects of...

Not being wealthy enough to retire in comfort.
Never accumulating significant wealth.

Concerns, Fears and Worries

Concern, Fear or Worry	PAW	UAW
Your Economic Well-Being		
Not being wealthy enough to retire in comfort	Low	Moderate
Not having an income high enough to satisfy your family's purchasing habits	Low	Moderate

Having to retire	Low	Low
Having your job / occupational position eliminated	None	None
Experiencing a significant reduction in your standard of living	Low	High
Never accumulating significant wealth	Low	Moderate
Having your own business fail	Moderate	Low
Not being able to protect your family financially in case of premature death	High	Low
Your Children		
Having to support your adult children financially	Low	Moderate
Having adult children who spend more than they earn	Low	Moderate
Having children who are underachievers	Moderate	Low
Finding that your adult children have moved back home	Low	Moderate
Finding out that your son / daughter married an unfit spouse	Moderate	Moderate
Having adult children who think that your wealth is their income	Low	Moderate
Your Physical Well-Being		
Having cancer and / or heart disease	Moderate	Low
Having visual or hearing problems	Moderate	None
Being mugged, raped, robbed or burglarized	Low	Moderate
Contracting AIDS	None	Low
Your Government		
Increased permanent spending / federal deficit	Low	High
Increased permanent regulation of business / industry	Low	High
Paying increasingly high federal income taxes	Low	High
A high rate of inflation	None	Moderate
Having your family pay high taxes on your estate	Low	Low
Your Domestic Tranquility		
Having your children feud over your wealth	Low	Moderate
Having your family fight over your estate	Low	Moderate
Being accused of financially favoring one adult children over other(s)	Low	Moderate
Your Financial Advisor		
Being swindled by a financial advisor	Low	Moderate
Not receiving high-quality investment advice	None	Moderate
Your Parents, Children and Grandchildren		
Having your children exposed to drugs	None	Low
Having your parent(s) / in-law(s) move into your home	Moderate	Low
Having too little time to devote to your children / grandchildren.	Low	Low

Doctors, PAWs and UAWs
On average, physicians earn more than four times the income of the average American household: $140,000 vs. $33,000. But Dr. South and Dr. North are gifted and highly trained specialists. The average income for something in their specialty is $300,000. Even so, they are extraordinary and last year earned more than $700,000.

Planning and Controlling
These are key factors underling wealth accumulation. Thus, one should expect that PAWs like Dr. North take the time to plan their budgets. They do. Conversely, Dr. South has no control over his family's consumption, other than his household's income limit.

Dr. North's family operates on a strict budget; Dr. South's does not. Operating a household without a budget is akin to operating a business without a plan, without goals, and without direction. The Norths have a budget that calls for them to invest at least one-third of their income each year. To do this, they consume at the same level as the average family that earns about one-third as much as they do.

The Souths consume at the same level as the average household that earns nearly two times MORE than they do. The Souths essentially spend all of or more than their income each year.

Consumption Habits: The Norths vs. The Souths

Consumption Category	Annual Amounts Spent	
	Norths - PAWs	Souths - UAWs
Clothing	$ 8,700	$ 30,000
Motor Vehicles	$12,000	$ 72,200
Mortgage Payments	$14,600	$107,000
Club Dues / Fees / Expenses	$ 8,000	$ 47,900

The Norths are very different from the Souths in their spending behavior. Both Dr. and Mrs. North come from backgrounds of frugality and thrift. Throughout their marriage, they have communicated with each other about resource allocations. Their budgeting system is basic to their controlled-consumption lifestyle. The Norths own no credit cards for upscale department stores. Almost all of their purchases are placed on one "central" credit card. Both their purchases are listed on one single statement each month. Each month, they determine how much remains to be allocated for each consumption category and at the end of each year, they refer to these statements to compute their total expenditures for each category. Their planning, budgeting and consuming are coordinated events.

The Children of UAWs and PAWs
The Souths have four children. Two are adults. Dr. South has serious, well-founded concerns about their future. UAWs tend to produce children who eventually become UAWs themselves. Like their UAW parents, as adults, these children are often addicted to an undisciplined, high-consumption lifestyle. Further, these children typically never earn the incomes necessary to support the lifestyle to which they have grown accustomed.

In contrast, Dr. North's adult children are demonstrating more independence and discipline, in part because they have been exposed to a much more frugal, well-planned and disciplined lifestyle. PAWs tend to produce children who are economically disciplined and self-sufficient adults. PAWs tend to produce children who become PAWs.

What is the greatest fear of the 30-year-old sons and daughters of the Dr. Souths of America? That the economic outpatient care they receive from their parents will stop. They often compete with each other for their parents' wealth.

Financial Goals: Words vs. Deeds

Many high-income-producing PAWs and UAWs share similarly stated goals concerning wealth accumulation. For example, more than three-fourths of both groups indicated they had the following goals:

- To become wealthy by the time they retire
- To increase their wealth
- To become wealthy through capital appreciation
- To build their capital while conserving the value of their assets

By having a set of stated goals does not necessarily mean that one is committed to achieving them. Most of us want to be wealthy, but most of us do not spend the time, energy, and money required to enhance our chances of realizing this goal.

Most PAWs agree with the following statements, but UAWs disagree. I spent a lot of time planning my financial future. Usually, I have sufficient time to handle my investments properly. When it comes to the allocation of my time, I place the management of my own assets before my other activities.

UAWs tend to say.
I can't devote enough time to my investment decisions. I'm just too busy to spend much time with my own financial affairs.

Middle income PAWs spent an average of only 8.4 hours a month planning their investments. That's just less than 101 hours a year, or 1.2 percent of their time. UAWs on average spend only 4.6 hours a month planning their investments.

You Aren't What You Drive

How do millionaires go about acquiring cars? About 81 percent purchase their vehicles. The rest of them lease. Only 23.5 percent own new cars. Most have not purchased a car in the last two years. In fact 25.2 percent have not purchased a motor vehicle in four or more years.

Not all millionaires purchase new vehicles. Nearly 37 percent purchases used ones. In addition, many millionaires indicated they traded down - that is, purchased lower-priced vehicles than they had before.

Motor Vehicles of Millionaires: Model-Year

Last model year of vehicle owned	Percent of millionaires
Current year	23.5
Last year's / one year old	22.8

Two years old	16.1
Three years old	12.4
Four years old	6.3
Five years old	6.6
Six years old or older	12.3

Makes of motor vehicles
U. S. car makers may be pleased to note their makes account for nearly 60 percent of the vehicles millionaires are driving. Japanese makes account for 23.5 percent; European carmakers account for the rest.

The following are listed in rank order according to their respective market shares:

1. Ford 9.4 % - Most popular are the F-150 pickup and the Explorer.
2. Cadillac 8.8 % Most drive the De Ville / Fleetwood Brougham.
3. Lincoln 7.8 % Lincoln Town Cars.
4. Tie - Jeep, Lexus, Mercedes 6.4 % each Grand Cherokee, LS400 and the S Class Benz
5. Oldsmobile 5.9 % Olds 98
6. Chevrolet 5.6 % Suburban and Blazer
7. Toyota 5.1 % Camry
8. Buick 4.3 % Le Sabre and Park Avenue
9. Tie - Nissan and Volvo 2.9 % Pathfinder, Volvo 200 Series
10. Tie - Chrysler, Jaguar 2.7 % (Not given)

Many affluent respondents take joy in driving vehicles that do not denote so-called high status. They are more interested in objective measures of value. Some millionaires do spend considerable dollars for top-of-the-line luxury automobiles. But they are in the minority. Members of the most wealthy households don't drive luxury imports.

Economic Outpatient Care

Economic Outpatient Care (EOC) refers to substantial economic gifts and "acts of kindness" some parents give their adult children and grandchildren.

Many of today's distributors of EOC demonstrated significant skill at accumulating wealth earlier in their lives. They are generally frugal with regard to their own consumption and lifestyle. But some are not nearly as frugal when it comes to providing their children and grandchildren with "acts of kindness." These parents feel compelled, even obligated, to provide economic support for their adult children and their families.

What is the result? Those parents have less wealth than those parents within the same age, income, and occupational cohorts whose adult children are economically independent. *And, in general, the more dollars adult children receive, the fewer they accumulate, while those are given few dollars accumulate more.*

Distributors of EOC often conclude that their adult children could not maintain a middle- or upper-middle-class high-consumption lifestyle without being subsidized. Consequently, an increasing number of families headed by the sons and daughters of the affluent are playing the role of successful members of the high-income-producing upper-middle class. Yet their lifestyle is a faÕade.

These sons and daughters of the affluent are high-volume consumers of status products and services, from their traditional colonial homes in upscale suburbs to their imported luxury motor vehicles. They demonstrate one simple re: EOC. It is much easier to spend other people's money than dollars that are self-generated.

EOC is widespread in America. More than 46 percent of the affluent in America give at least $15,000 worth of EOC ***annually*** to their adult children and/or grandchildren. Nearly half the adult children of the affluent who are under 35 years of age receive annual cash gifts from their parents. Giving declines as the children get older. About one in five adult children in their mid-forties to mid-fifties receives such gifts.

What is the effect of cash gifts knowingly earmarked for consumption and the propping up of a certain lifestyle? We find that the giving of such gifts is the single most significant factor that explains lack of productivity among the adult children of the affluent. Such "temporary" gifts affect the recipient's psyche. They dampen one's initiative and productivity. They become habit- forming. These gifts then must be extended throughout most of the recipient's life.

Giving precipitates more consumption than saving and investing. Gift receivers in general never fully distinguish between their wealth and the wealth of their gift-giving parents. Gift receivers are significantly more dependent on credit than are non-receivers. Receivers of gifts invest much less money than do non-receivers.

Jobs: Millionaires vs. Heirs

Who are the affluent?
Most of the affluent in America are business owners, including self-employed professionals. Twenty percent of the affluent households in America are headed by retires. Of the rest, more than two thirds are headed by self-employed owners of businesses. Fewer than one in five households is headed by a self-employed business owner or professional. But these self-employed people are four times likely to be millionaires than those who work for others.

You can't predict if someone is a millionaire by the type of business he's in. After 20 years of studying millionaires across a wide spectrum of industries, we have concluded that *the character of the business owner is more important in predicting his level of wealth than the classification of his business.*

"Dull-Normal" Businesses and the affluent
A recent article in "Forbes" had an interesting lead:

Dull companies with steady earnings growth may not make for stimulating cocktail party chatter, but over the long term, they make the best investments. (Fleming Meeks and Davis D. Fomdiller, "Dare to Be Dull," Forbes, Nov. 6, 1995, p 228).

Later in the same article, the authors mentioned that in the long run high-tech companies can and often do fall down on the performance scale. Typically, it's the companies in what we call the "dull normal" industries that consistently perform well for their owners. Forbes lists several top performing small businesses that have had great endurance for the past 10 years. Some of the industries represented include wallboard manufacturing, building material manufacturing, electronics stores, prefab housing and automobile parts.

These industries don't sound very exciting. But typically it's these mundane categories of business that produce wealth for their owners. They don't attract a great deal of competition and demand for their offerings is not usually subject to rapid downturns.

We recently developed our own list of businesses that are owned by millionaires. Here's a sample...

Selected Businesses/ Occupations of Self-Employed Millionaires

Advertising Specialty Distribution	Human Resources Consulting Services
Ambulance Service	Industrial Chemicals- Cleaning
Apparel Manufacturer Ready-to-Wear	Janitorial Services Contractor
Auctioneer / Appraiser	Job Training / Vocational Tech School Owner
Cafeteria Owner	Long-Term Care Facilities
Citrus Fruits Farmer	Meat Processor
Coin and Stamp Dealership	Mobile Home Park Owner
Consulting Geologist	Newsletter Publisher
Cotton Ginning	Office Temp Recruiting Service
Diesel Engine Rebuilder / Distributor	Pest Control Services
Donut Maker Machine Manufacturer	Physicist - Inventor
Engineering / Design	Public Relations / Lobbyist
Fund Raiser	Rice Farmer
Heat Transfer Equip. Manufacturer	Sand Blasting Contractor

There is considerable risk in being a business owner. But business owners have a set of beliefs that helps them reduce their risk or at least their perceived risk. They are these:

- I'm in control of my own destiny.
- Risk is working for a ruthless employer.
- I can solve any problem.
- The only way to become a CEO is to own the company.
- There are no limits on the amount of income I can make.
- I get stronger and wiser every day by facing risk and adversity.

To be a business owner also requires that you have the desire to be self-employed. The most successful business owners we have interviewed have one characteristic in common:
They all enjoy what they do. They all take pride in "going it alone."

What do millionaires advise their children?
They encourage their children to become self-employed professionals, such as physicians, attorneys, engineers, architects, accountants, and dentists. Millionaire couples with children are five times more likely to send their children to medical school than other parents in America and four times more likely to send them to law school.

We once asked an affluent business owner who had fled Europe because of the Holocaust why all his adult children were self-employed professionals. His response: "They can take your business, but they can't take your intellect." Intellect is portable and can make a very good living anywhere in the U.S.