

Book notes from Robert Kiyosaki's Best-selling Book Cashflow Quadrant: Rich Dad's Guide to Financial Freedom



Robert Kiyosaki's CASHFLOW Quadrant

- “E” (employee) – This group of people look for “job security” and “benefit”. They keep going from job to job in search of freedom. Fear of losing job security and benefit.
- “S” (self-employed) – These are peoples who want to 'Be their own boss.' Or they like to: “Do their own thing.” “do-it-yourself” Fear of losing control.
- “B” (business owner) – Those who are true “B” like to surround themselves with smart people from all four categories. They have a good system working for them. Leadership is bringing out the best in people.
- “I” (investor) – Investors make money from money. They do not have to work because their money is working for them. The “I” quadrant is the playground of the rich.

People from different quadrant handle emotions differently.

As human beings, we all have fears, doubts, beliefs, strengths and weaknesses. People from different side of the quadrant respond or handle those core similarities differently. For example, the emotion of fear can cause some of us to be cowards. The same emotion of fear can cause others to become courageous. Unfortunately, when it comes to the subject of money, most people are conditioned to be financial cowards. When the fear of losing money comes up, most people's minds automatically start chanting these words:

- 1) “Security,” rather than “freedom”.
- 2) “Avoid risk” rather than “learn to manage risk”
- 3) “Play it safe,” rather than “Play it smart”
- 4) “I can't afford it” rather than “how can I afford it”
- 5) “It is too expensive” rather than “what is it worth, long term?”
- 6) “Diversity,” rather than “focus”
- 7) “What will my friends think?” rather than “what do I think?”
- 8) “What if I fail” rather than “how can I make it successful”

In the information age, you need to be financially responsible for yourself. Your boss's job is to make sure you get your paycheck. It is your job to become rich if you want to.

Freedom has a price. Freedom's price is measured in dreams, desire and the ability to overcome disappointments that occur to all of us along the way. Those who do not seek financial freedom will pay a different price in their life because of inaction.

The only difference between a rich person and a poor person is what they do in their spare time.

If you are going to be busy anyway, be busy on both side of the Quadrant.

The best path to financial freedom -- People from “E” and “S” go to “B” first and then go to “I”. Why does Robert Kiyosaki recommend the “B” quadrant first? (Page 66-67)

- 1) Experience and Education. If you first develop a solid business sense, you can become a better investor. You will be better able to identify other good “B’s”. True investors invest in successful “B’s” with stable business systems. It is risky to invest in an “E” or an “S” who does not know the difference between a system and a product .. or who lacks excellent leadership skills.
- 2) Cashflow. If you have a business that is up and running, you then should have the free time and the cash to support the ups and downs of the “I” quadrant.

How to become a “B” from “E” and “S”?

- 1) Find a mentor.
- 2) Franchise
- 3) Network marketing – a personal franchise

Two important things you can learn through network marketing that are essential in becoming a successful “B”.

1. To be successful, you need to learn to overcome your fear of being rejected, and to stop worrying about what other people will say about you.
2. To learn to lead people. The ability to get along with and inspire people is a priceless skill. A skill that can be learned.

Too many people look at the product and not the business system and organization behind the product. If you are looking to be a salesperson, an “S” then the product is the most important thing. But if you are developing into a long term “B”, then the system, lifelong education, and the people are more important. McDonald's hamburger may not be the best but McDonald's system has been successful for decades. A system is a bridge to freedom.

The reason most people struggle financially is because they take advice from people who are also mentally blind to money. **Train your brain to see money.**

It becomes riskier to be on the left side. Job security is an obsolete idea. It is also risky for self-employed people. It is more secure on the right side. **People on the left side pay to take risks and the people on the right side get paid to take risks.**

To achieve financial freedom, you need to improve your emotional intelligence and financial intelligence. You need to change your mindset first. Read and listen to motivational and financial

education books and CDs. Go to financial seminars and classes. Associate with like-minded people.

The main reasons so many people struggle financially is not because they lack a good education, or are not hard working. It is because they're afraid of losing. If the fear of losing stops them, they've already lost. I encourage all of you wanting to make the crossing (from the left side to the right side) to make sure you have a long-term positive support group with you and a mentor on the other side guiding you.