

RICH  DAD™

*From the Author  
of the  
#1 New York Times  
Bestseller  
Rich Dad Poor Dad*

THE  
BUSINESS  
OF THE  
21<sup>ST</sup> CENTURY

**Robert T. Kiyosaki**

With John Fleming and Kim Kiyosaki

RICH  DAD™

THE  
BUSINESS  
OF THE  
21<sup>ST</sup> CENTURY

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## *Dedication*

I dedicate this book, *The Business of the 21st Century*, to the millions of you who are at a crossroads in life—who are affected by the current economic crisis and feeling helpless as to what you can do to secure your financial future. I want you to know that these are, despite what they may seem, the best times to take control of your future. I have spent my life educating people on how to attain financial freedom, and I know that this book, like the others in my *Rich Dad* series, will provide you with insight needed to create—and sustain—wealth for years to come. Once you learn the truth of how money works and the business opportunities available to you in the 21st century, you will be able to begin building the life you desire.

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## *Introduction*

The economy is in tatters; your job is in trouble—if you still have a job. And you know what? I’ve been saying it for years.

It took a global financial meltdown for most to hear it. But this book isn’t about how or why everything has gone to hell in a handbasket. It’s about why this bad news turns out to be very good news—if you know what to do about it.

I learned about business from two people: my father, who was a very well-educated, highly placed government employee, and my best friend’s father, who was an eighth-grade dropout and self-made millionaire. My real father suffered financial problems his entire life and died with little to show for all the long years of hard work; my best friend’s dad became one of the richest men in Hawaii.

I thought of these two men as my “poor dad” and my “rich dad.” I loved and admired my real dad very much, and vowed that I would help as many people as possible avoid suffering the kinds of indignities and failures that plagued his path.

After I left home, I had all kinds of experiences. I served in the Marines as a helicopter pilot in Vietnam. I went to work for Xerox, starting out as their worst salesperson and leaving four years later as their best. After leaving Xerox, I developed several multimillion-dollar international businesses and was able to retire at the age of 47 to pursue my passion—to teach others how to build wealth and live the lives they dream of living, instead of settling for mediocrity and sullen resignation.

In 1997, I wrote about my experiences in a little book. I must have touched a chord with at least a few readers: *Rich Dad Poor Dad* shot to the top of the *New York Times* best-seller list and stayed there for more than four years, and has been described as “the best-selling business book of all time.”

Since then, I’ve put out a whole series of *Rich Dad* books, and although each one has a slightly different focus, they all deliver the exact same message as that first book, and it’s the message at the heart of this book you now hold in your hands:

*Take responsibility for your finances—or get used to taking orders for the rest of your life. You’re either a master of money or a slave to it. Your choice.*

## Introduction

I was incredibly fortunate in my life to have experiences and mentors that showed me how to build genuine wealth. As a result, I was able to retire completely from any need to work ever again. Up until that time, I was working to build my family's future. Since then, I've been working to help build *yours*.

For the past ten years, I have devoted my life to finding the most effective and practical ways to help people transform their lives in the 21st century by learning how to build genuine wealth. Through our *Rich Dad* books, my partners and I have written about many different types and forms of enterprise and investment. But during these years of intensive research, I have come across one business model in particular that I believe holds the greatest promise for the largest number of people to get control of their financial lives, their futures, and their destinies.

One more thing. When I say *genuine* wealth, I'm not talking about money alone. Money is part of it, but it's not the whole. Building genuine wealth is as much about the *builder* as it is about the *built*.

In this book, I'm going to show you why you need to build your own business, and exactly what kind of business. But this isn't just about changing the type of business you're working with; it's also about changing you. I can show you how to find what you need to grow the perfect business for you, but for your business to grow, you will have to grow as well.

Welcome to the business of the 21st century.

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# PART ONE

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## **Take Control of Your Future**

*Why you need to have  
a business of your own*

## CHAPTER 1

# *The Rules Have Changed*

We live in troubled times. The last few years have brought us a steady parade of fear and panic in the headlines, boardrooms, and kitchen tables across America. Globalization, outsourcing, downsizing, foreclosures, subprime mortgages and credit default swaps, ponzi schemes, Wall Street fiascos, recession ... it's just one piece of bad news after another.

During the first few months of 2009, U.S. company layoffs reached about a quarter-million per month. As I write this in late 2009, unemployment is at 10.2 percent and still rising, and underemployment (where your job stays in place but your hours and pay are drastically cut back) is even worse. The rampant decline in gainful employment is a ravaging epidemic to which few are immune. From executives and middle managers to administration employees and blue-collar workers, from bankers to retail clerks, all are at risk. Even the healthcare industry, until recently considered a job-safe zone, is trimming away significant chunks of its workforce.

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**In a 2009 *USA Today* survey, 60 percent of Americans polled said they see today's economic situation as the biggest crisis in their lifetime.**

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In the fall of 2008, a lot of people's retirement portfolios suddenly lost half their value—or more. Real estate crashed. What people *thought* were their solid, reliable assets turned out to be about as solid as water vapor. Job security is gone, a thing of the past. In a 2009 *USA Today* survey, 60 percent of Americans polled said they see today's economic situation as the biggest crisis in their lifetime.

Of course, you already know all this. But here's what you may not know: *None of this is really news*. Sure, it took a major economic crisis for people to start waking up to the fact that their livelihoods were at risk. But your income didn't become at risk overnight—it was *always* at risk.

Most of the U.S. population has been living for years on the knife-edge precipice between solvency and ruin, relying on the next paycheck or two to meet each

month's expenses, typically with only a very thin cushion of cash savings—or more often, no cushion at all. That paycheck is called “trading your time for money,” and during a recession, it is the *least* reliable source of income there is. Why? Because when the number of employed people starts dropping, there is less disposable income in circulation to pay for your time.

## ***I Told You So***

Not to be an I-told-you-so, but ... *I told you so.*

I've been saying this for years: There is no longer such a thing as a safe and secure job. Corporate America is a 20th-century dinosaur, trembling on the edge of extinction, and the only way for you to have a genuinely secure future is for you to take control of that future.

Here's what I wrote in 2001, in a book titled *The Business School for People Who Like Helping People*:

*In my opinion, the United States and many Western nations have a financial disaster coming, caused by our educational system's failure to adequately provide a realistic financial education program for students.*

That same year, in an interview for Nightingale-Conant, I said:

*If you think mutual funds are going to be there for you, if you want to bet your life on the ups and downs of the stock market, that's your retirement you're betting on. What happens if the stock market goes up and then comes crashing down again when you're 85 years old? You have no control. I'm not saying mutual funds are bad. I'm just saying they're not safe and they're not smart, and I wouldn't bet my financial future on them.*

*Never before in the history of the world have so many people bet their retirement on the stock market. That is insane. Do you think Social Security is going to be there to take care of you? Then you also believe in the Easter Bunny.*

And in an interview I did in March 2005, I said this:

*The No. 1 strength of a paper asset is its liquidity—and that is also its No. 1 weakness. We all know there's going to be another market crash and we're going to be wiped out again. Why would you do that?*

So what just happened? There was another market crash and many people got wiped out again. Why? Because our habits and mindset caught up with us.

In 1971, the American economy went off the gold standard. This happened without the approval of Congress, by the way, but the important thing is that it happened. Why is that significant? Because it cleared the way for us to start printing

more and more money, as much as we liked, without it being tied to any actual, hard, real value.

This shift away from reality opened the gates for the biggest economic boom in history. Over the next three and a half decades, the American middle class exploded. As the dollar devalued and the on-the-books value of real estate and other assets inflated, ordinary people became millionaires. Suddenly credit was available to anyone, anytime, anywhere, and credit cards began popping up like mushrooms after a spring rain. To pay off those credit cards, Americans started using their homes as ATMs, refinancing and borrowing, borrowing and refinancing.

After all, real estate always keeps going *up* in value, right?

Wrong. By 2007 we had pumped as much hot air into this financial balloon as it could take—and the fantasy came crashing down to earth again. And it wasn't just Lehman Brothers and Bear Stearns that collapsed. Millions lost their 401(k)s, their pensions, and their jobs.

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**The number of people living officially below the poverty line is rising rapidly. The number of people who are working beyond the age of 65 is increasing.**

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In the 1950s, when General Motors was the most powerful corporation in America, the press picked up a statement by GM's president and turned it into a slogan that carried for decades: "As GM goes, so goes the nation." Well, folks, that may not be all good news, because where GM went in 2009 was into bankruptcy, and by that same summer, the state of California was paying its bills with IOUs instead of cash.

Right now, the percentage of Americans who own their homes is dropping. Mortgage foreclosures are at an all-time high. The number of middle-class families is dropping. Savings accounts are smaller, if they exist at all, and family debt is greater. The number of people living officially below the poverty line is rising rapidly. The number of people who are working beyond the age of 65 is increasing. The number of new bankruptcies is going through the roof. And many Americans do not have enough to retire—not even close.

Has all this bad news got your attention? Sure it has, and you're not alone. Americans everywhere have finally stopped rolling over and hitting the Snooze button. Great! Now you're awake to what's going on, and it isn't pretty. So let's take a deeper look and see what it really means—and what there is you can do about it.

### ***It's a New Century***

When I was a kid, my parents taught me the same formula for success that you probably learned: Go to school, study hard, and get good grades so you can get a secure, high-paying job with benefits—and your job will take care of you.

But that's Industrial-Age thinking, and we're not in the Industrial Age anymore. Your job is *not* going to take care of you. The government will *not* take care of you. *Nobody's* going to take care of you. It's a new century, and the rules have changed.

My parents believed in job security, company pensions, Social Security, and Medicare. These are all worn-out, obsolete ideas left over from an age gone by. Today job security is a joke, and the very idea of lifetime employment with a single company—an ideal so proudly championed by IBM in its heyday—is as anachronistic as a manual typewriter.

Many thought their 401(k) retirement plans were safe. Hey, they were backed by blue-chip stocks and mutual funds, what could go wrong? As it turned out, *everything* could go wrong. The reason these once-sacred cows no longer give any milk is that they are *all* obsolete: pensions, job security, retirement security—it's all Industrial-Age thinking. We're in the Information Age now, and we need to use Information-Age thinking.

Fortunately, people are starting to listen and learn. It's a shame that it takes suffering and hardship to bring the lesson home, but at least the lessons *are* hitting home. Every time we experience a major crisis—the dot-com bust, the economic aftermath of 9/11, the financial panic of '08, and recession of '09—more people realize that the old safety nets just won't hold up anymore.

The corporate myth is over. If you've spent years climbing the corporate ladder, have you ever stopped to notice the view? What view, you ask? The rear end of the person in front of you. That's what you get to look forward to. If that's the way you want to view the rest of your life, then this book probably isn't for you. But if you are sick and tired of looking at someone else's behind, then read on.

### ***Don't Be Fooled Again***

As I write this, unemployment is still on the rise. By the time you *read* these words, who knows? The situation may have changed. Don't be fooled. When employment and real estate values turn around and credit loosens up again, as they inevitably will, don't be lulled into that same-old sense of false security that got you and the rest of the world into this mess in the first place.

In the summer of 2008, gas prices were soaring over \$4 a gallon. SUV sales sank like a stone, and suddenly everyone was on the small-car-and-hybrid bandwagon. But look what happened next. By 2009, gas prices had fallen back down below \$2—and so help me, people started buying SUVs again!

What?! Do we *really* think fuel prices are going to stay nice and low? That gas prices are down for good now, and therefore gas-guzzlers make perfect sense to buy? Can we really be that shortsighted? (I'm trying to be nice here. The word I was *going* to use was "stupid.")

Unfortunately, the answer is yes. We aren't just fooled once; we let ourselves be fooled over and over again. We all grew up hearing the fable of the ant and the

grasshopper, but the overwhelming majority of us keep living with the foresight of a grasshopper anyway.

Don't be distracted by the headlines. There is always some idiotic buzz going on that tries to pull your attention away from the serious business of building your life. It's just noise. Whether it's terrorism, recession, or the latest election-cycle scandals, it's got nothing to do with what you need to be doing today to build your future.

During the Great Depression, there were people who made fortunes. And during the greatest boom times, like the real estate surge of the '80s, there were millions and millions of people who neglected to take charge of their future—who ignored everything I'm going to share with you in this book—and ended up struggling or broke. Most of them, in fact, are still struggling or broke today.

The economy is not the issue. The issue is *you*.

Are you angry at the corruption in the corporate world? At Wall Street and the big banks that let this happen? At the government for not doing enough, or for doing too much, or for doing too much of the wrong things and not enough of the right things? Are you angry at yourself for not taking control sooner?

Life is tough. The question is, what are you going to do about it? Moaning and groaning won't secure your future. Neither will blaming Wall Street, the big bankers, corporate America, or the government.

If you want a solid future, you need to create it. You can take charge of your future *only* when you take control of your *income source*. You need your own business.



## ROBERT T. KIYOSAKI

*Investor, Entrepreneur, Financial Education Advocate, and Best-Selling Author*



Robert Kiyosaki is the author of *Rich Dad Poor Dad*—the No. 1 personal finance book of all time—a book that challenged and changed the way tens of millions of people think about money. *Rich Dad Poor Dad* ranks as the longest-running best-seller on all four of the lists that report to *Publisher's Weekly*—*The New York Times*, *Business Week*, *The Wall Street Journal*, and *USA Today*—and was named “USA Today’s No. 1 Money Book” two years in a row. It is the third-longest-running “how-to” best-seller of all time.

With perspectives on money and investing that often contradict conventional wisdom, Robert has earned a reputation for straight talk, irreverence, and courage. His point of view that the “old” advice—get a good job, save money, get out of debt, invest for the long term in a diversified portfolio of stocks, bonds, and mutual funds—is “bad” (both obsolete and flawed) advice, challenges the status quo. His assertion that “your house is not an asset” stirred controversy, but has been proven to be accurate for many homeowners.

Other *Rich Dad* titles hold four of the top ten spots on Nielsen Bookscan List’s life-to-date sales from 2001–2008. Translated into fifty-one languages and available in 109 countries, the *Rich Dad* series has sold over 28 million copies worldwide and has dominated best-seller lists across Asia, Australia, South America, Mexico, and Europe. In 2005, Robert was inducted into the Amazon.com Hall of Fame as one of that bookseller’s top twenty-five authors. There are currently twenty-seven books in the *Rich Dad* series. Among the notable titles is *Why We Want You to Be Rich: Two Men—One Message*, a book written with Robert’s good friend Donald Trump in 2006 that debuted at No. 1 on the *New York Times* best-seller list. Already, the two friends and business giants are at work on a second book to be published in 2010.

Robert’s latest books include *The Real Book of Real Estate*, a compilation of real-life lessons and advice from veteran real estate investors and advisors to Robert, and *Conspiracy of the Rich: The 8 New Rules of Money*, an innovative and groundbreaking free interactive online book that has garnered an unbelievable amount of unique visits and climbed as high as No. 5 on the *New York Times* how-to tradepaper best-seller list.

Robert has been featured on shows such as *Larry King Live* and *Oprah*, and was recently featured in *TIME* magazine’s “10 Questions” column, a notable Q&A column that has featured such names as director Spike Lee and actor Michael J. Fox, among others.

In addition to his books, Robert writes a column—“Why the Rich Are Getting Richer”—for Yahoo! Finance and a monthly column titled “Rich Returns” for *Entrepreneur* magazine.

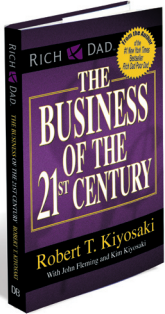
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