



HOW TO GET RICH

by Felix Dennis



Overview

This book discusses the wisdom & lessons a very successful man (>\$750 million net worth) learned about growing wealth. He is also a poet, and has a beautiful artistic style of writing. He discusses how to harness the fear of failure for your own advantage, and how to deal with family and "friends" who subconsciously hold you back from making hundreds of millions of dollars due to their own cowardice.

Preface

"The inferior man's reasons for hating knowledge are not hard to discern. He hates it because it is complex - because it puts an unbearable burden on his meager capacity for taking in ideas. Thus his search is always for short cuts."
- H.L. Mencken

"The key, I think, is confidence. Confidence & an unshakable belief it can be done and that you are the one to do it. Tunnel vision helps. Being a bit of a shit helps. A thick skin helps. Stamina is crucial, as is a capacity to work so hard that your best friends mock you, your lovers despair & the rest of your acquaintances watch furtively from the sidelines, half in awe & half in contempt."

"not those who want to and not those who need to, but those who are utterly determined to - whatever the cost."

Intro. How Rich?

This book focuses not necessarily on becoming "Bill Gates" rich, but rather how to achieve wealth in the hundreds of millions of dollars; rich enough to not worry about price tag of anything you want in life.

PART 1. REASONS NOT TO GET RICH

Chapter 1. Pole Positions

There are three types of people who read this book:

1. "Young, Penniless and Inexperienced?": This person is young, poor, and hungry. They have nothing to lose. Nobody bothered to tell them that it can't be

done. And they were too busy proving wrong the people who *were* telling them such things. This person has two huge advantages: (1) unending stamina, and (2) time on their side.

2. "Slightly Better Off and On the Way Up?": The issue once you have a stable job is fear of losing what you already have. Fear is an impediment, but so is recklessness, so balance the two. Most of these people have tremendous leverage to leave their job, but few take advantage of this leverage in their jobs.
3. "Senior Manager or Professional?": These people, well established in their careers, rarely take the plunge into entrepreneurship; they have too much to lose and are comfortable. If you are here, find a co-founder who is young, hungry, and fearless.

Chapter 2. A Million to One

In all honesty, the odds of getting rich are very low. It consumes your waking hours like a drug. And once you become rich, be wary of spending your health, time, and money on narcotics, debauchery, & alcohol. In truth, the act of making money itself is most likely just an addiction you're fueling.

PART 2. GETTING STARTED

Chapter 3. Harnessing The Fear of Failure

The "800-pound gorilla" in the room is "fear of failure". Getting rich requires thick mental armor - not so thick you ignore criticism, but thick enough for the inevitable subtle mockery when you fail, and envy from others when you succeed. If you can overcome your fear of failure, be comforted by the fact that smarter men than you will be blocked from getting rich by their fear of failure. Some important points regarding this:

- You will always have colleagues, "friends", even family, who will try to bring you down and will hold you back.
- Excuses people use to disguise fear of failure include: (a) unwilling to fail publicly, (b) caring





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what neighbors think, (c) causing “worry” to those who want you to have a stable job, (d) being proud of being a “starving artistic”.

“you fear the embarrassment of failure more than the possible financial penalty.”

“It is the price you must learn to pay for any attempt to raise yourself in the world. And I suspect that was as true ten thousand years ago as it is today.”

Chapter 4. The Search

If your goal is to become rich, remember that, and don't be emotionally tied to a job. If you *do* have a job, use it to absorb and learn, and quit when it no longer provides value. When searching for a venture:

- Friends & family subconsciously will be far happier if you weren't extremely successful.
- Keep your ear to the grindstone and go with a rising tide (find a new growing industry).
- “*Inclination, aptitude, and fate*” are critical to finding your niche.

Chapter 5. The Fallacy of the Great Idea

“Ideas don't make you rich.

The correct execution of ideas does.”

Chapter 6. Obtaining Capital

There are three methods for obtaining capital:

1. **Sharks:** This includes credit cards and loans. Avoid this if possible.
2. **Dolphins:** This includes venture capitalists. They are dolphins because their goal is to “flip” companies. They are not evil, but rather beholden to their institutional investors and have a timeline to flip companies.

3. **Fish:** This is the best bet. Small individuals such as business partners, friends, & family. It might take longer to grow your wealth, but you'll be much happier along the way dealing with fish.

*“One last word on obtaining capital. It's the **worst part** of the whole business of getting rich. Nothing is more humiliating or debilitating than trudging the rounds with your hand out, no matter how good your project or fierce your determination. Everyone has to do it and everyone hates it. For a self-made man or woman there is **no avoiding it.**”*

*“Look on the bright side. Those **lazy bastards** who turn away from this odious task are going to be your employees. They are going to make you rich. In a sense, this exhausting and miserable search is what separates the **wannabes** from the **gonnabes**. The only way through it is to keep trudging. ‘When going through hell,’ Winston Churchill once remarked, ‘keep going.’”*

Chapter 7. Never Give In

Spouses & friends will encourage you to take a job. Only when you're completely poor and hungry should you do that. Don't underestimate the value of not ever becoming a “wage slave”.

*“I know that feeling, and if you are set on creating your own business from scratch, then so will you. Despite all my brave words earlier in the previous chapter, I never knew a worse few months than when I was **bashing my head against a brick wall** attempting to start my own outfit in the early 1970s. The whole process was **pure misery**. Looking back through the prised eyes of a champagne flute, I suppose I could argue that perhaps it was my **finest** moment. Not that it felt like it at the time. To be honest, it **nearly broke me**. But I would **not** give in.”*





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Chapter 8. The Five Most Common Startup Errors

1. **“Mistaking Desire for Compulsion”**: You must have the *compulsion*, not just desire, to make money no matter what. To do whatever it takes, foregoing all else.
2. **“Over-optimism Concerning Cash Flow”**: You don’t need to be an accountant, but always keep your eye on the cash flow. Nearly all businesses fail because of running out of cash, either from (1) growing too fast, or (2) not managing expenses. Only pay yourself what you need to eat at the start.
3. **“Reinforcing Failure”**: Failure is usually recognized too late. Sometimes failure is a matter of timing (e.g. attempting to jump into the business of cheap airlines before it was in demand).
4. **“Thinking Small & Acting Big”**: You must always think big and ambitiously. But when you make a few million dollars, don’t act big, gorging on hookers, cocaine, and alcohol, believing you’re on the top of the world. The goal is to always *think* big, but to *act* small to protect your wealth.
5. **“Skimping on Talent”**: You will very likely get rich if you simply choose the right talent to do the work for you. Remember: the pyramids were not built by the Pharaohs, but rather by the hard-working talented engineers and construction workers.

- There is a balance which must be struck between inspirational passion, and cold dispassionate analysis.
- Courtesy isn’t exactly a cardinal virtue (you can succeed without), but it sure helps.

*“It is **doubt** multiplied by the **fear of failure**, unconflicted, which leads to the creation of a vicious cycle where self-belief is eroded and nothing is achieved.”*

*“Without **self-belief** nothing can be accomplished. With it, nothing is impossible. It is as **brutal** and as black and white as that. If you take no other memory from this book, then take that single thought.”*

*“Doubt, too, is a warning system and plays its part in reaching decisions. An important part. Without doubt... there is only naked ego and the kind of certainty that leads to **untrammelled arrogance**”*

*“Trust your instincts. Do not be a slave to them, but when your instincts are screaming, Go! Go! Go! then it’s time for you to decide whether you really want to be rich or not. You cannot do this in a deliberate, considered manner. You can’t get rich painting by numbers. You can only do it by becoming a **predator**”*

*“Watching an experienced entrepreneur come into contact with a potential pot of money is like watching a prone lioness raise her nose and sniff. She cuffs her cubs away. Then she sniffs some more. Then she rises and pads away to hunt. Alone. She can’t see it. She can’t hear it. But she can scent it. She knows prey is close. It means food. **Prey is her business. It’s mine, too.**”*

PART 3. GETTING RICH

Chapter 9. Cardinal Virtues

- Nature believed in your unique combination of DNA, so believe in yourself. Both work for it & believe in it.
- Managers, businessmen, and accountants come in *after* the entrepreneur trusts his instincts.
- For your first venture, give it 100% of your attention. But once your success starts growing, make sure you diversify your empire. You don’t want a given venture to become “your baby”.

Chapter 10. A Few Words About Luck

Whether we like to admit it or not, luck plays an important role in success. Maximize your chance of good luck by being prepared (“*Luck is when preparation meets opportunity.*”). Some people are always looking for greener pastures, always looking for their next big

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break or lucky ideal if you do this, you'll never focus and never execute. Don't be the guy who always complains about being unlucky that his brilliant ideas were executed by someone else.

Chapter 11. The Art of Negotiating

Most of us are poor negotiators & most negotiations unnecessary. But when you must, don't negotiate from a position of fear – the balance of power is all that matters. Establish where the balance of weakness lies.

- Find the most pressing weakness & exploit it.
- Don't fall in love with a deal; there are always more deals along the way.
- Listen, and let others fill the silence with jabber.

Chapter 12.

Ownership! Ownership! Ownership!

“Owning” things like land and materials is really a silly human concept; we are all just temporary custodians of things. That being said, we must take it very seriously, owning every piece of equity in our ventures while simultaneously still recognizing that it's just a game. Never give a single share unless necessary, and be prepared to make yourself hated by those around you. Give generous cash bonuses to your employees, and pay them well. But don't give them equity unless absolutely necessary – really, who has been taking all the risk in your company?

Chapter 13. The Joys of Delegation

You won't start to become truly rich until you start to delegate. Find people more talented than you, pay them well, and have them work hard to make you money. Let others prove themselves to you, and thus make yourself rich in the process. Many people working for you will want glory, approval, and respect, more than money. Some people like being senior managers because they

are keen to exert control over others, and don't actually desire wealth.

- Recognize your own weaknesses, and hire people smarter than you to fill gaps. For example, if you're bad at being organized but have a creative spirit, hire an excellent organizer to run your company.
- At the start, you'll be inclined to work more hours than you can handle. While seemingly productive, if it results in you being tired and bad-tempered, it's actually *not* a net gain for your wealth.
- An important point about delegation is: “*Delegate but don't be absent*”. Always review what's going on in your business, make sure you have the final say in big decisions, but beyond that delegate to smarter people.

*“If you want to get rich, then learn to delegate. Don't learn to pretend to delegate. Delegation is not only a powerful tool, it is the **only way to maximize** and truly incentivize your most precious asset - the people who work for you.”*

Chapter 14. A Piece of the Pie

Keep costs down, give generous cash bonuses upon hitting milestones, and praise excellent work consistently. Create a good place to work at, with many benefits, but don't share the equity pie with people.

- Interview your rivals' talent.
- If an employee is approached by a rival, don't be intimidated; be proud. Talent is replaceable.
- Don't badmouth your rivals.
- Be okay selling your company when you get a good offer (the goal is to make money, right?).

Chapter 15. The Power of Focus

If you're here to become rich, give that all your focus. Don't be an engineer, biographer, etc. Be here to make money and don't fall in love with your business. Create a great environment, hire the best human capital you can, and let others do the work for you. When hiring,





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go further than simply reviewing references. Actually sit down with their former employers and get real in-person feedback. Finally, senior employees may get complacent after approximately 2 years – it’s usually a good idea to mix up their roles and responsibilities in the company after that time.

PART 4. TROUBLESHOOTING & ENDGAME

Chapter 16. Whoops!

When things are truly going poorly and you must close up shop, you must keep in mind the hidden cost of failure – it can actually be expensive to wind down your business and go through the legal process of bankruptcy. Listen to the bean counters (accountants) regarding failure; they have an innate sense to smell it coming. But first never forget to check what *else* your company can be (your company likely has assets you can sell or pivot). Be upfront and honest with your suppliers; they prefer honesty over hiding failure. Finally, no matter how rich and powerful you are, make sure to pay your taxes properly if you don't want to end up in jail.

Chapter 17. A Recap for Idlers

Getting rich will hurt your health and take up a lot of time; make sure you know that it’s worth it. The young forget that time is more valuable than money, and rarely appreciate the abundance of time they have.

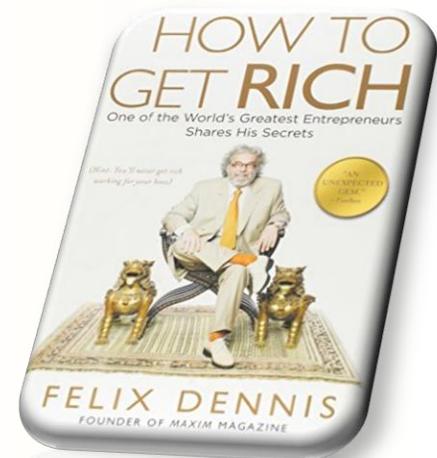
- You *must* cut loose from ties holding you back (e.g. living with your parents). If you’re honest with yourself, other people in your life are distractions to your goal of getting rich.
- There will be a slew of naysayers and doubters who will pretend to fear that you're placing yourself in harm's way. Yet in reality, they're actually scared that you'll succeed and expose their own **timidity**.
- Fear of failure is the main stumbling block - simply face up to it, stare it in the eye, and cut it loose.

Chapter 18. How To Stay Rich

- Once you get some initial success, you'll spend money frivolously - get it out of your system.
- Only your oldest friends whom you knew before you were rich are your true friends.
- Give your money away (e.g. charities) so that you focus on generating more of it.
- Be friendly, but don't be friends with your staff or have sex with them. Don't forget: you're the boss.
- Sell your company before you're bored with it, and before you must.
- Never forget – you may be richer than people, but you're not necessarily smarter than them.

Chapter 19. The Eight Secrets to Getting Rich

“Fear nothing and no one. Get rich.”



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