Get Rich Quick, Write a Millionaire Book

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Socking away that first million used to be so simple.

At least it was for people who gave rudimentary advice on how to be a millionaire. Give up that pack-a-day smoking habit, they said, and in 40 years you will have saved almost $250,000 in today's dollars, assuming a conservative 4 percent annual return. Brown-bag your lunch, drop HBO and pay off your mortgage early and gradually, over a lifetime, you will accumulate $1 million in assets. Back then, all you had to do was live below your means and save, save, save.

These days, the money-wasting bad habit that must be broken is the daily $5 Starbucks coffee break. (Savings over 40 years: $173,422.) But giving up the small pleasures in life is no longer the advice given to would-be millionaires, whether they are sipping or puffing.

According to the spate of best-selling self-help books, it is not enough to drive used cars and squirrel money away in the company 401(k). Instead, you have to think like a millionaire. It's a popular message reflected in a spate of titles like "Secrets of the Millionaire Mind" and "Cracking the Millionaire Code."

Robert T. Kiyosaki's "Rich Dad, Poor Dad" is the best example of the emphasis on retooling the struggling American's financial thinking. The book has sold nearly
four million copies in the United States since its publication in 1998. This week, it began its sixth year on the New York Times best-seller list for advice and how-to books. It has spawned a dozen related titles by Mr. Kiyosaki and his co-author, Sharon L. Lechter, and another dozen titles written by Mr. Kiyosaki's financial advisers. All told, there are more than 24 million copies of Mr. Kiyosaki's books in print worldwide.

A folksy gambol through the life of its author, a real estate investor, motivational speaker and producer of a financial board game called Cashflow 101, "Rich Dad, Poor Dad" turned some traditional financial advice on its head.

No longer is it enough to study hard at a good school and get a good job to be set for life, advice given to him by his father, the poor dad. Instead, Mr. Kiyosaki advocates the staples of late-night infomercials: investments in small stocks and distressed real estate. He argues that one has to think like a millionaire by recognizing the difference between an income-producing asset and a liability, advice given to him by a friend's father, the rich dad. The whole trick to financial success is creating passive income.

"People do respond to it," said Rick Wolf, vice president and executive editor of Warner Books, the publisher of the series. The old rules no longer apply in a world of outsourcing and pension plan collapses, he said.

"People are definitely looking for some alternative pathways to financial freedom," Mr. Wolf said. "The staying power speaks for itself."

Gaining millionaire status is still an accomplishment. It's important to note that even though the threshold for making the Forbes list of richest Americans is now $900 million, only 7 million out of 100 million American households have net assets of $1 million or more, which includes, of course, the equity built up in most people's biggest asset - their homes. (Of course, Mr. Kiyosaki would say that reflects "poor dad" thinking; a home is a liability.) That number has not changed significantly despite all the millions of books sold telling people how to join the club.

You have to ask yourself before you buy any of these books: did my neighbors get rich because they just think differently, or because they use money more wisely?

This millionaire-mind mania started in 1998 when two professors, Thomas J. Stanley, then at Georgia State University, and William D. Danko, teaching marketing in the business school at the State University at Albany, tried to answer that question. They described the seven characteristics of a breed of frugal and inconspicuous millionaires, which included living below one's means, picking smart advisers and having a spouse involved in the family finances. It was an eye-opener, and the book "The Millionaire Next Door" sold
about 2.5 million copies in hardcover and paperback while it perched on the New York Times best-seller list for more than three years. The book made the two professors millionaires.

The lesson learned here? It may have been that the way to get rich is to write a book revealing the thinking of millionaires. Mr. Stanley is back with a brand extension, "The Millionaire Mind."

David Bach, the author of "Smart Couples Finish Rich" and "Smart Women Finish Rich," shifted gears last year to produce "The Automatic Millionaire." He gives safe, practical advice well within the mainstream of financial advisers, like invest through a 401(k) or make extra payments on a mortgage. He makes everything sound as easy as ordering a daily double nonfat latte, which by the way he advises you should not do. "The book is both practical and deeply aspirational by nature," said David Drake, vice president and director for publicity of Broadway Books, publisher of Mr. Bach's book.

You'll get the same advice reading this newspaper or any number of financial advice columnists at no additional cost, though you may not get the urge to aspire.

Why the need for inspiration? "When the stock market bubble collapsed in 2000, ordinary Americans - who had watched their stock portfolios effortlessly rise in value during the late 1990's - quickly realized that the notion that they could outsmart the market was an illusion," said Mr. Drake, who will publish Mr. Bach's follow-up in March, "The Automatic Millionaire Homeowner."

He continued, "They turned away from investment books that focused narrowly on stock-picking strategies and turned instead, in droves, to books that addressed the basics - getting out of debt, saving for the future - and promised relief from financial anxiety."

It is no accident that the authors of many of these books come from the stage of motivational seminars and late-night infomercials. Robert G. Allen, for example, is best known for pioneering techniques for selling people on the idea of buying distressed real estate and flipping it. "Nothing Down: How to Buy Real Estate With Little or No Money Down" is his 1980 classic. He wrote "One Minute Millionaire" and "Cracking the Millionaire Code" with Mark Victor Hansen, who is himself co-author of "Chicken Soup for the Soul," one of the most successful inspirational self-help books. (The brand extensions have been stretched to include "Chicken Soup for the Cat Lover's Soul" and "Chicken Soup for the Preteen Soul.")

Their books, as well as "Secrets of the Millionaire Mind" by T. Harv Eker, another regular on the motivational seminar circuit, recycle a lot of the language and advice of those hotel ballroom talkathons; namely, you have been conditioned to think like a poor person, but
you can remake yourself to think rich. Mr. Eker suggests a daily affirmation in which you put hand over heart and say: "I am an excellent receiver. I am open and willing to receive massive amounts of money into my life." You then touch your head and say, "I have a millionaire mind!"

But they are light on practical advice. And sometimes what they advocate seems counterproductive. Mr. Eker, for instance, recommends creating a fund just for frivolous purchases because you need to fill your inner spirit.

Mr. Kiyosaki admits in his book that buying real estate at foreclosures or tax sales and investing in thinly traded start-up companies is risky. But he writes that salting money away each month "blinds the person from what is really going on."

"They miss major opportunities for much more significant growth of their money," he writes.

This is advice for people who like to live on the edge. Mr. Kiyosaki counters that the risk of failing is a motivation to make more money.

The bottom line is: save your money by not buying these books. At about $25 a book, buying one every year probably will not decimate your retirement fund. But if you don't, you'll have at least $2,370 more in 40 years.