# "My Daughter wanted a pet so I bought her a Greyhound"

A Strategy Journal for becoming and staying wealthy

by

Secret Millionaire and the UK's Leading Wealth Creator.

***Gill Fielding***

And

***Peter Thomson***

| WEALTH PROGRAMME – ACTION PLAN |
| --- |
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Signed:……………………….. Witnessed by buddy:……………………

**Name:** ……………………………………

**Date:**………………

My objective for this programme is to:

| |
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My definition of wealth is:

| |
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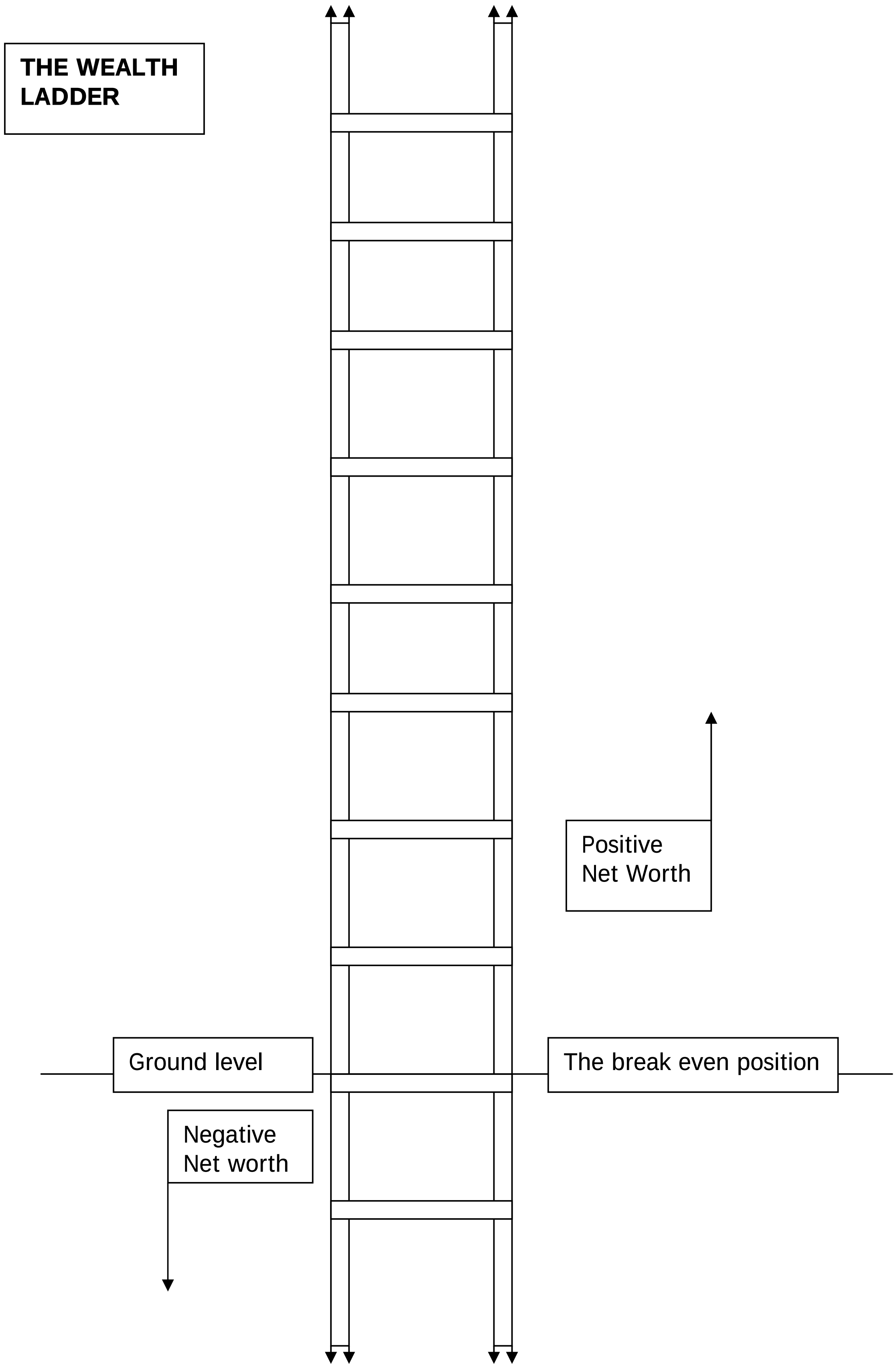
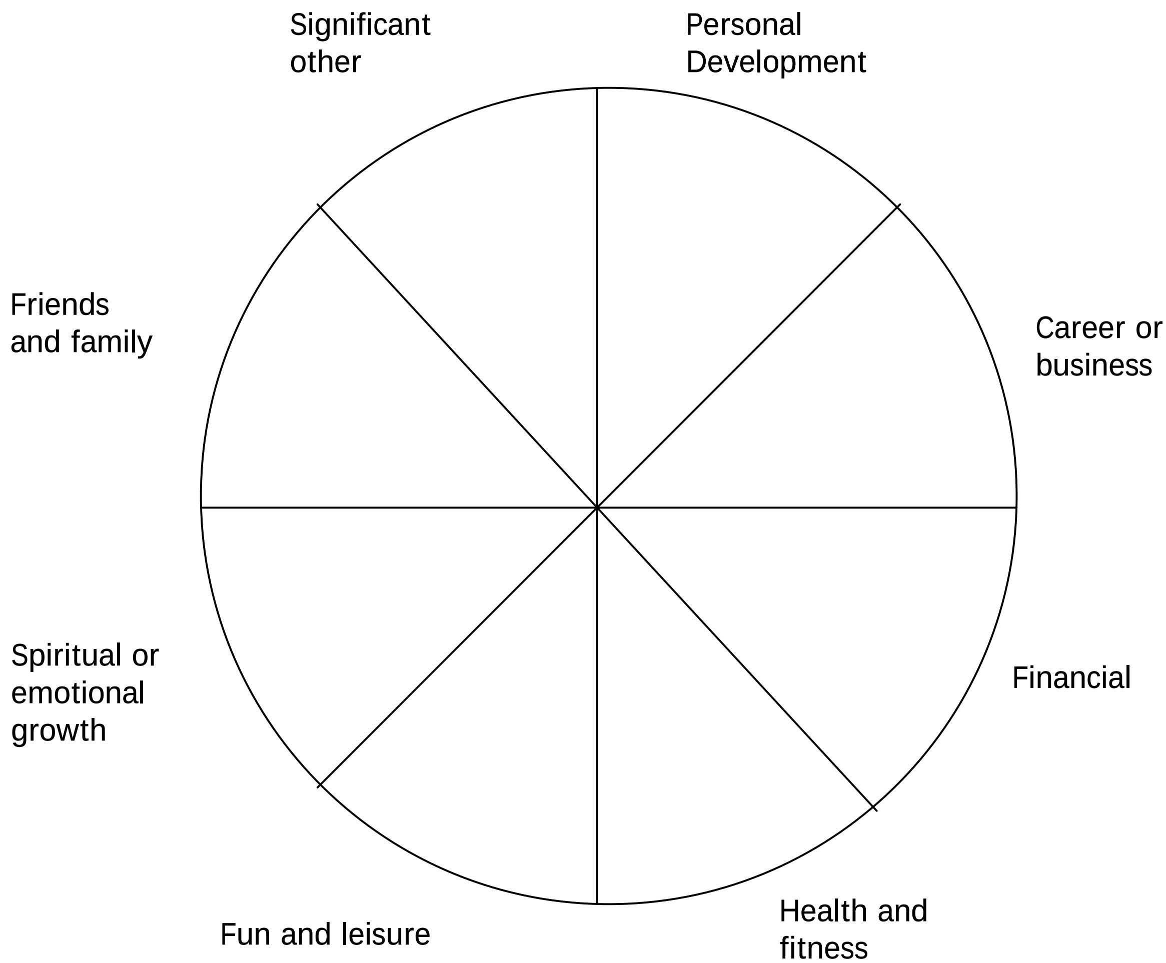
Signed:……………………………………………………………………

***The objective of this programme is to:***

- provide you with sufficient information to enable you to take more responsibility for your financial affairs
- provide tools to enable you to take appropriate financial action
- facilitate the enlightenment of your financial beliefs
- show you that wealth is a choice and not a curse
- give fundamental definitions of key financial terms, products and services
- have fun with like minded individuals, and with money
- ensure that you go away with a financial plan to move you forward immediately
- sow your seeds of financial possibility


THE WEALTH LADDER
Positive Net Worth
Ground level
The break even position
Negative Net worth

# The Wheel of Life




**Directions for completion**:

With the centre of each spoke representing zero, and the outer ring being 10, score each area of your life by marking at the appropriate position on each spoke. Mark, with 10 being the highest, where you are in each area of your life at the moment. Then join each mark to create your personal wheel of life. How round is it?

**The Wealthy Way – Peter Thomson**

## Words - In Talk - Out Talk - Others Talk

## Encode Beliefs

## Attitude - In – Look - Out – Look

## Leverage - Pain -Pleasure

## Take Action

## Have Results

## You

| Key Thoughts |
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# Calculating your Net Worth – Gill Fielding

Complete the boxes your current value of your assets (the hoorays) and liabilities (boos). You can find values on the annual statements you receive and if you don't have these contact the customer help desk of your provider and ask for a statement to be sent. All financial service providers will be very happy to do this and it is a very common request. I have left space for you to add in your specific categories if required.

| ASSETS | £ NOW | £ FUTURE |
|---|---|---|
| | | |
| House | | |
| Car | | |
| PEP (if still got one) | | |
| TESSA (if still got one) | | |
| ISA | | |
| Building Society Account | | |
| Investment Properties | | |
| Investment Club | | |
| Unit Trust or Investment Trust holdings | | |
| Equities, or Shares | | |
| Endowments | | |
| Pensions | | |
| Valuables | | |
| Cash at the Bank | | |
| Cash under the Bed | | |
| Antiques | | |
| Jewellery | | |
| Insurance Policies | | |
| Other valuables and assets | | |
| | | |
| | | |
| Sub Total All Assets | | |
| | | |

| | | |
|---|---|---|
| Liabilities<br><br>House mortgage(s) | | |
| Business loans | | |
| Private loans | | |
| Credit Card Debt | | |
| Hire Purchase | | |
| Account card debt (e.g. shop cards) | | |
| Loans from friends and family | | |
| Overdue bills | | |
| Other loans and debts: | | |
| | | |
| Sub Total Liabilities | | |
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So Net worth is...

Total assets minus Total liabilities

**Grand Total = ____________**

## THE CAPPUCCINO FACTOR – Gill Fielding

We may not all be aware of how much we spend on coffee (or other incidentals) each month. Research tells us that it is likely to be about £100 per month which is spent – or perhaps 'wasted' on just buying coffee.

We also know that the average person in the UK spends £13 per week on the lottery and lottery scratch cards and games of chance. They do that with a one in 14 million chance of being wealthy – but there is a better way! By investing your money you could have a 100% chance of being wealthy in your lifetime.

It is an absolute truth that if we just invested a little of this wasted money we could make a significant difference to our financial lives over time, and we may even be able to make ourselves financially free with it.

So how does that work then?

We will go through the method needed to turn £13 per week – or just £1.67 per day into a million or so.

All you need to do is to save £1.67 per day for your working life (18 – 65) into an investment fund which produces 11.7% return (or 12%just to make it simpler), and you will end up with:

**£1,225,514……………. and 31p!**

If you want to end with £2.5 million you save two lots of £1.67 – that's £3.34. If you want to do it in half the time, then again save twice the money - £3.34.

You decide what you want and when and take the right action to make sure that you get the right result.

So here goes!

## Action

1. Start TODAY! By putting £1.67 into a cup, tray, box or whatever receptacle takes your fancy.

2. Do that with another £1.67 EVERY day – yep even Saturdays and Sundays – and keep doing it.

3. In the meantime log onto your computer. Type in:

**www.trustnet.com** and then select **'investments'**

Then select **'passive funds'** then **'UK equities'** and in the grey 'Refine your list by selecting benchmark' box (left hand side) select 'FTSE All Share'

5. Expand the box further by clicking **'Refine your list further'** just below and select **'Unit Trusts'** in the **'Legal Structure'** dropdown menu. This will give you a list of about 10 potential choices displayed in the chart below.

6. Look at the far-right column if the chart says **OCF** (ongoing charges figure) which is the annual management fee plus any ongoing charges: this should be **1% or less.**

*(Hang on a minute what's a tracker fund?*

*Well a tracker fund is simply a fund which invests in each of the shares in a particular index – so for example, the shares in the FTSE 100. The tracker fund just 'tracks' or mirrors the index by buying the shares that make up the index (the biggest 100 companies in the case of the FTSE 100). If you do this you can get invested in all the top shares – with a very small amount of money.*

*Is that OK?)*

So back to the action then:

7. In the performance tab of the chart it shows **RiskScore** (the higher the score the lower the risk, this should be over 90 at least) and **tracking figures** (0 means it is tracking the market exactly, this should be close to 0 or higher)

8. Either pick a fund based on their fees (step 6), tracking or risk (step 7) or all three. All 10 of these funds should be good funds.

9. Make sure that the fund you have chosen offers **accumulation units** (fund name will include 'Acc') or one where you can **reinvest the dividends** as you go - as all the money needs to be compounded (you may need to contact the fund manager or check their website)

10. Look at the left column of the chart that is the fund name, click this to view the contact details of the manager and their website: check the fund reinvestments dividends and allows small amounts of money to be invested monthly.

If they do then get the application form from them, set up a fund with them and **YOU'RE OFF!**

If they don't then pick another fund from our potential 10.

| Key Thoughts |
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# BELIEFS – Gill Fielding

Examples of negative beliefs:

- If only I could get a full time job I would be wealthy.
- If only I could get a pay rise I could sort out my money.
- You have to be born with money to be truly wealthy.
- I'm not smart enough to be wealthy.
- The only way to make money these days is to take risks.
- The only way to make money now is on the Internet.
- All the good ideas for money making are gone.
- I'm too old/too young to be wealthy.
- The love of money is the root of all evil.
- You have to be nasty to make money.
- If I'm rich then somebody else will have to be poor, and I don't want that.
- I'm too nice to be wealthy.
- I'd lose all my friends if I had money.
- One day I'll win the lottery or inherit money, or marry money.
- If I were rich I wouldn't be able to go to the same pub/club/gym/school as I do now.
- Neither a borrower nor a lender be.
- I'm not worthy of wealth.
- If I upset the apple cart of what I have now I might lose it all – i.e. it's too risky.
- Making money isn't nice!
- Decent, good people don't care about money.
- I'm too scared to take the risk.
- Money won't make me happy.
- You can't be rich in our society because the banks, government, the Inland Revenue, and other people are all out to take it from you.
- Being wealthy means you have to work too hard.
- I'm not disciplined enough to be wealthy.
- You need money to make money
- Money just brings problems

Examples of positive beliefs

- I am worthy.
- The sea of financial abundance will come to me.
- Whatever I want/need will come to me.
- My income will constantly increase.
- Wealth is a matter of choice.
- The world and nature are full of abundance.
- Everything I want is there when I am ready to collect it.
- Money is fun.
- I deserve to live in luxury.
- I have enough, I am enough.
- I *am* wealthy.
- I will always find a way to finance what I want to do or have.
- The Inland Revenue is my friend.
- Wealthy people are fun, happy, generous and kind.
- Making money is easy.
- I am in control of my financial flows
- Money is positive energy
- I am attractive to money,money is attractive to me.
- I LOVE money.
- I embrace wealth.
- I welcome money with open arms.
- I am my greatest asset.
- I am worthy of any financial investment I can make for myself and the development of ME.
- I manage my money with pleasure
- Money is my friend
- Every penny I spend returns to me multiplied.
- Clients are always happy to pay me
- It is easy for me to save and make money.
- Other people will help me to become wealthy.
- I receive money easily and effortlessly, achieving great results with the assistance of others.

## Other examples of my own beliefs are:

Key Thoughts

## Particularly strong beliefs for me are:

Key Thoughts

## Beliefs I would like to hold are:

Key Thoughts

## Collapse each limiting or negative belief by:

1. Remind yourself why you want to get rid of the belief i.e. find your motivation dahling.

2. Question that belief. So let's say that your belief is that money isn't fun. Ask yourself:

    - How does this belief serve me in life?
    - What does this belief do for me?
    - What behaviours or actions does this belief create for me that I need to lose?
    - Is the belief true?
    - Do I want to get rid of this belief?
    - When do I want to lose it?
    - When do I want to start to eradicate it?

3. Have I any evidence from my past where this belief was not true for me? Do I have any experience that contradicts the belief? When was it? What is the evidence?

4. Do I know of anybody for whom this belief is definitely not true? What can I learn from that? What can I copy from that person that will serve me better?

5. What do I want to replace it with?

Find your *motivation, question* that belief, find *evidence* where it isn't true, find *alternatives* and other people for whom it isn't true and then *replace* it.

## Establish a positive belief by:

1. Identify why you want this belief, and what it will give you. Or how it will change your actions or behaviours towards money.

2. Clearly identify the belief as a goal and draw yourself a treasure map for the goal. Put your goal clearly on the paper in the centre and then add around it all your treasures. A treasure map can take many forms but one simple format is to cut out pictures from magazines of things you would buy with your newfound wealth and stick it on a sheet of paper. Or you can stick pictures, or draw pictures, in a book of houses, holidays, cars, share portfolios and so on.

   Work hard at this treasure map and keep adding to it. As your belief takes hold and you experience behaviour changes add pictures or descriptions of the things you have now been able to afford. Add your own descriptions of how good it feels to be more positive, describe how well you are doing, and give examples of new things you have achieved.

   You can constantly update or add to these maps and they provide amazing evidence for you in the future as you can see your own progress. They also act as a ‘well done’ or congratulatory piece of evidence which can be useful if you have a temporary lapse.

3. Write your belief as an affirmation and read through your affirmations last thing at night and first thing in the morning.

4. Practice the belief in the comfort of your own home, and then further a field. The idea here is to fake I till you make it!

Just pretend that you have the belief already. Get used to how it feels and get comfortable with it.

5. Celebrate your every success on the road to achieving the belief. Reward yourself with treats and acknowledgment, and make this part of your treasure map.

***Create your own prophesy about your wealth which you then bring into reality*.**

## Summary

- Wealth is whatever it is for you
- Wealth is a combination of two sides – and it doesn’t matter which comes first – back to Henry and Stan
- You don’t have to get there all in one go
- You can evolve into wealth, it isn’t a cataclysmic event
- Wealth is available in all it’s forms for you to just collect – so why don’t you?

## You have:

1. Identified some limiting and some empowering beliefs about money.
2. Identified where you are on the wealth ladder.
3. Identified your first set of financial targets.
4. Started to identify what wealth means to you.
5. Started to change some long held ideas about money.
6. Listed the first set of actions on your wealth plan action sheet.

# MAGIC MONEY MATRIX – Gill Fielding

Principles

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
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Variables

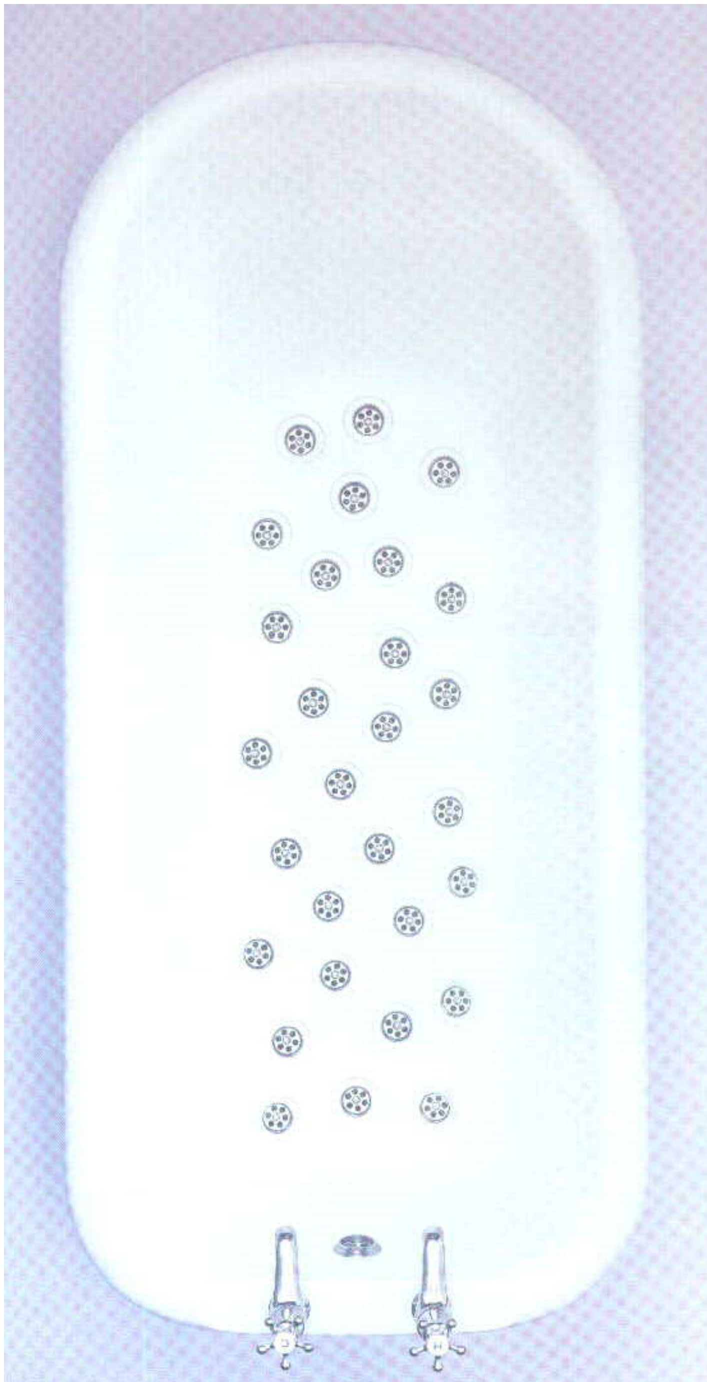
## The Practical Principles are the fundamentals:

1. Compounding
2. Income and expenditure flows
3. Understanding debt & interest rates
4. £ cost averaging
5. Taking advantage of tax & govt benefits
6. Diversity: the motorway
7. Passive – let go! The system approach

## The Variables are – for instance:

- Legislation, regulation eg FSA
- Tax breaks: LAPR, PEP, ISA, REITS, SIPP (i.e. the vehicles available to you)
- Personal circumstances - you, your life and your abilities
- The government – interest rates, SIPPS
- Market place – interest rates, demographics (oldies, baby boomers – but note changes – remember all that leisure!)

Who has a bath like this?



## THE WEALTH PROGRAMME

Sample - Income and expenditure flows: six months

| | January | February | March | April | May | June |
|---|---|---|---|---|---|---|
| INCOME: | | | | | | |
| Net Salary 1 | | | | | | |
| Net salary 2 | | | | | | |
| Interest | | | | | | |
| Dividends | | | | | | |
| | | | | | | |
| Other | | | | | | |
| Total income | | | | | | |
| | | | | | | |
| EXPENSES: | | | | | | |
| SO's and DD's | | | | | | |
| Personal spending | | | | | | |
| Capital, repairs etc | | | | | | |
| Children | | | | | | |
| Taxes | | | | | | |
| Holidays | | | | | | |
| Food | | | | | | |
| Travel | | | | | | |
| Phone and gas | | | | | | |
| TV license | | | | | | |
| Car repairs | | | | | | |
| Businesses | | | | | | |
| Credit cards (memo): | | | | | | |
| Entertaining & leisure | | | | | | |
| Other | | | | | | |
| | | | | | | |
| Total expenses | | | | | | |
| Net Income | | | | | | |

| | January | February | March | April | May | June |
|---|---|---|---|---|---|---|
| | | | | | | |
| | January | February | March | April | May | June |
| Balance Sheet | | | | | | |
| Bank b/fwd | | | | | | |
| Net income/(excess) | | | | | | |
| Bank c/fwd | | | | | | |
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| | January | February | March | April | May | June |
| DD's and SO's: | | | | | | |
| Mortgage - 31st | | | | | | |
| Rates - 5th | | | | | | |
| Life - 25th | | | | | | |
| Electricity - 22nd | | | | | | |
| Fuel - 15th | | | | | | |
| Subscriptions | | | | | | |
| Sky TV | | | | | | |
| Buildings insurance | | | | | | |
| Water Rates - 25th | | | | | | |
| Car | | | | | | |
| Car Insurance | | | | | | |
| ISA | | | | | | |
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| Total DD's | | | | | | |
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Key Thoughts

# Goal Setting – Peter Thomson

Goal setting is for anything and everything you want to achieve.

In my own goal setting activity I set goals in three key areas.

Those areas are what I call the 3 F's:

1. Fitness

2. Finance

3. Family.

What happens when we set goals.

We start to hear and see things that will help us achieve our goals.

Those things were there before, we just didn't know that we needed them because before, we hadn't set our goals and told ourselves that we were interested in that information.

That is part of the goal setting process.

So let's look at some of the best ways to set goals.

➔ Goals must be written down

Why?

Simply because once they're written down you can audit them.

You can read them on a regular basis; you can check that you're on track to their accomplishment.

If they're not written down they're just dreams, not goals!

➔ When you write your goals make certain, that they are written in positive language, without linguistic negatives and in the present tense.

| Key Thoughts |
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## Which goals to go for?

Here is a very simple process, which you can use immediately.

Decide on a time frame that you want to work with that could be five years, ten years, one year or even a lifetime, you decide.
Then write a question at the top of a clean page, which asks:

What do I want to have, be and do in this time frame?

Then brainstorm or brain-dump every idea you have.

Places you want to go, achievements, profits, personal, commercial, and social and in fact anything and everything you can think of.

## Prioritising Your Goals

Now, you need to prioritise that list and the way to do it varies, dependant upon the length of the list.

If the list is short about 6 or 7 items then you can easily prioritise it using numbers.

If the list is long, start by simply deciding into which of three areas each item on your list falls: areas A, B and C.

A - being things you definitely want to achieve.

B - you like to achieve, and

C - well maybe one day you'll get round to them.

Then take the “A” list and prioritise that with numbers.

| Key Thoughts |
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OK so let's take just your top goal and look how that should be written down.

Remember that a goal is only a stake in the ground, it gives you direction and because it's your goal, you can change it at any time.

Be bold, there's not much fun in achieving inconsequential goals.

Here are the steps to write out your goals:

Write the goal down using this formula, make sure your goals are:

- ➔ Precise
- ➔ Exciting
- ➔ Truthful
- ➔ Effective Action
- ➔ Recordable.

## Questions

The first question is so simple and yet so essential to, the goal setting process.

1. Why?

Yes, why do you want to achieve this goal?

2. What is my starting point?
3. What are the obstacles that are likely to get in the way of me achieving this goal?
4. What are the solutions to the problems that the obstacles will raise?
5. What are the rewards I'll receive when I achieve this goal?
6. What Actions Do I Need To Take?
7. The Records
8. Affirmation

## DEBT PRIORITISATION PLAN – Gill Fielding

- Write down a list of every debt that you have, credit card, store card, bank overdraft, hire purchase and so on

- List the balances owing and the rate of interest you are paying. If you can't read the terms, or the small print, phone up the supplier and ASK them!

  (NB while you're on the phone ask them if they have any better deal available to you!)

- Prioritise the debt by selecting the most expensive interest rate FIRST.

- Pay only the minimum off all your debts, EXCEPT your number one priority and then wack as much as possible off that debt as you can, make additional or mid monthly payments if you can, just attack it, mentally and physically.

- Do a debt destroyer table for the debt, so that your subconscious knows what it's working on!

- When you have cleared your number 1 priority debt, then give your mental and financial energies to the debt with the next highest interest rate and so on down the list until all debts are cleared.

One word of caution with this is that you need to be aware of any penalty clauses that attach to certain debt. This is almost certainly not apply to store cards, or credit cards or overdrafts, but might apply to certain other loans. If there is an early redemption penalty you need to evaluate the cost of that against the benefit of paying it off. It may just be simpler to clear all the other debts first.

## FINANCE – Gill Fielding

*You can make money or you can make excuses – but you can't make both!*

Credit card review and credit checking

Take responsibility for your own credit referencing:

www.experian
www.equifax
www.checkmyfile.co.uk

What can you do if there's a problem?

| Key Thoughts |
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Where can you get help?

| Key Thoughts |
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## Seed Capital – Gill Fielding

Getting started on the first investment is often the hardest. Raising that first tranche of money is intimidating but remember it is much easier to raise finance on something you own that something you don't. So it gets easier and easier with every deal that you do.

How can you raise that first seed capital?

| Key Thoughts |
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# A Few tips on the management of credit cards

1. Manage them properly: pay at least the minimum amount at al times: be prompt, and efficient.

2. Apply regularly so that you can continue to maximise your opportunities and this enables you to check that your credit reference is OK

3. Ask, *in writing*, for an increased limit as often as possible:

   - When you first receive it
   - After a period of 'good behaviour', and regularly – say every six months
   - If your circumstances change – say more profit, or pay rise

4. Use the largest credit limit balance as 'evidence' for the next one. Move that up and then the whole game starts again.

5. Be systematic, controlled and disciplined – this looks incredibly good to credit card companies because what they want is for you to pay the minimum FOR EVER!!!! And if you behave as if this is your intention then they will love you.

   NB always think about what's in it for them and what's in it for you?

6. What you want is a track record. What happens is that you get a good track record and then you will be inundated with offers for higher limits, more cards, second cards for your partner, and associated cards.

NB Final point – every time you speak or write to your credit card company ask them if there is a better deal available? And if so, swap!

# DEBT PRIORITISATION SCHEDULE

| Debt Description | Amount Owed | Interest Rate | Debt Priority |
|---|---|---|---|
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** Remember to include: HP, store cards, credit cards, bank overdrafts, loans and any other debt.

## THE DEBT DESTROYER – Gill Fielding

Number of years →

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| J | | | | | | | | | | | | | | | | | | | | | | | | | |
| F | | | | | | | | | | | | | | | | | | | | | | | | | |
| M | | | | | | | | | | | | | | | | | | | | | | | | | |
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| M | | | | | | | | | | | | | | | | | | | | | | | | | |
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Key Thoughts

# Mortgage Overpayment – Gill Fielding

Let's look at the figures for a £60k mortgage over 25 years, at 8.95% (which is a bit high at the moment, but the figures work whatever the interest rate).

| | Monthly Payment | Total Paid | Total Interest |
|---|---|---|---|
| Standard payment | 484.61 | 145,383 | 85,383 |
| Overpay by + 10%<br>(term reduces to 19 yrs 4 mths) | 533.07 | 123,672 | 63,272 |
| +50%<br>(10yrs 9 mths) | 726.91 | 93,773 | 33,773 |
| +100%<br>(6 yrs 11 mths) | 969.21 | 80,445 | 20,445 |

So by using the compounding in your favour you can make a huge impact on your mortgage.

If you can't afford to make regular payments in addition to your monthly DD see if you can make a one off payment.

For instance if you pay a lump sum of £5,000 off a £70,000 mortgage at the beginning of the term you will save £36,380 in total payments and 8 years 5 months of payments.

## Summary

- The wealth in our lives flows in and (mainly) out leaving the average person with no money at retirement
- We can control our expenditure to generate significant amounts over time, if we take action
- Small amounts invested regularly over time will amount to millions
- Debt is largely negative but can be controlled by prioritisation and appropriate application of funds
- We need to take responsibility for our debt and its destruction.

## You have

1. Started to identify where your money goes throughout your life and throughout each month
2. Understood about the flows of money
3. Now got some ideas on how to stop the money flowing out of your life
4. Some ideas on where to look to save money on everything you buy
5. Got one fantastic idea on what to do with your £50 family allowance from now on!
6. A better understanding of interest rates on debt

# THE THREE LANES OF THE MOTORWAY – Gill Fielding

## Lane One: Shares

Possible investment strategy

1. Get the Times on a Sunday. In the business section there is a table headed the Top 200 companies.

2. Make a list of the top 30.

3. From the list of 30, select the 10 companies with the highest yields. The yield is the amount of income the share generates and is included as a separate column in the chart.

4. Then identify from this list of 10, the 5 lowest priced shares.

Invest in these 5 for one year. After 1 year, do steps 1 – 4 again, and if any share is the same hold it, and replace those shares that have dropped out of your list with those that have moved into your list.

If you had done this for the 15 years from 1984 to 1998 you would have made a 20.9% per annum compound return.

| Key Thoughts |
|---|
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# Time Management – The Secret Advantage
## Peter Thomson

There is only self-management of the 24 hours, we have available each day, the 168 hours we have each week and of course, the 52 weeks we have each and every year of our lives.

**“Efficient is doing things right,**
**Effective is doing the right things right.**

Now I want to share with you, a quiz about time management.

All you have to do is to put a check mark or tick in one of the three columns I've drawn at the side of the questions for you.

As you can see the columns are labelled - often, sometimes, and seldom.

As you realise there will be more marks for often than there will be for sometimes. There will be more marks for sometimes than there will be for seldom.

| Question | Often | Sometimes | Seldom |
|---|---|---|---|
| 1. Do you have up-to-date written goals for your life?<br><br>2. 2. Do you take action on a daily basis to accomplish these goals?<br><br>3. Do you start and finish your tasks on time?<br><br>4. Do you allow for thinking time at work?<br><br>5. Are you good at delegating work to others?<br><br>6. Do people seem pleased to help you with that delegated work?<br><br>7. Are you punctual?<br><br>8. Do you do your most important work at your best time of day?<br><br>9. Can you let go of work and not be stressed or worried about it when you get home? | | | |

| Question | Often | Sometimes | Seldom |
|---|---|---|---|
| 10. Do you deal with interruptions effectively?<br><br>11. Do you prepare a "to do" list for each day?<br><br>12. Do you put the tasks on your "to do" list in priority order?<br><br>13. Do you finish all the tasks on your list each day?<br><br>14. Is your work area neat, tidy and organised?<br><br>15. Do you put things back in their proper place?<br><br>16. Do you handle each piece of paper only once?<br><br>17. Do you avoid procrastination, putting things off?<br><br>18. Do you deal with long winded telephone callers effectively?<br><br>19. Is your personal filing system up-to-date?<br><br>20. Are you using your time to the full? | | | |

OK, so now let's go through the marks.

Give yourself five marks for each "often".

Give yourself three marks for each "sometimes".

And, give yourself no marks for each "seldom".

Then add up all the marks and I'll give you some thoughts regarding your score.

| Score | Idea |
|---|---|
| 100-80 | You certainly have your time management well under control. |
| 80-60 | Reasonable self-management of time with just a few challenges. |
| 60-40 | Maybe other people are having too much impact on your self-management of time. |
| Below 40 | Probably slipping with your self-management and maybe under-performing and under a degree of pressure. |

If you scored between 100 marks and 80 marks then you certainly have your time management well under control.

If you scored between 80 marks and 60 marks then it may be that you are not using a prioritised ‘do list’ and that this lowered your score.

If you scored between 40 marks and 60 marks it may be that other people are having too much impact on your self-management of time.

You may need to be more assertive.

If you score below 40 marks then you're probably slipping with your self-management time and maybe under-performing and under a degree of pressure.

## Value of Time Compared to Value of Task

Now let me give you an idea. For each £10,000 you earn every year, that’s £5 per hour. I call that in-cost.

Out-cost is what a customer needs to be charged, at some stage in the process, in order for you to be paid that amount. It is probably at least 5 times the in-cost.

So if the out-cost is at least 5 times the in-cost, that will be £25 per hour for each £10,000 you earn, so if you are earning £100,000 per year that's £50 per hour in 'in-cost' and £250 per hour in 'out-cost'.

Now in some industries it will be 10 or 20 times the in-cost. So at 20 times, at £100,000 per annum that would be £5 per hour multiplied by 10 multiplied by 20 that's £1,000 per hour,

So once you have worked out your 'out-cost' and once you have worked out your 'in-cost' you know what your real cost is - then you can calculate the cost of any task and ask yourself "Should I do it, is it worthwhile?"

You can imagine if you had 10 people in a room, with an out-cost of 1,000 each per hour and the meeting took 1 hour, that meeting would have a cost of £10,000 or $10,000 or whatever currency we might be using. So we need to think very carefully about the value of our time and the value of our tasks.

| Key Thoughts |
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## Time Log

A Time Log and again this is based on the idea of once you recognise the problem, it's easy to find the solution.

A Time Log works like this - all you simply do on a standard day is to divide the day into half hour chunks on a piece of paper.

As you finish each half hour of activity you write down on the piece of paper the things you were doing. Now it does take a degree of discipline to do this, but if you can do it you'll be amazed at the information you will find.

So you write down every half hour what you’ve done, then at the end of the day - analyse exactly what you have been doing using three codes - A, B and C.

A - are the things you really should do, the main challenges - the main actions.

B - are the things, not the main things but you certainly have to do them. So in sales, A would be selling time, B would be travelling time

C - this would be the things that you know are a waste of time. In other words you are finding the actions you are taking in the day that you know you really should perhaps not do, or maybe you should delegate to someone else.

Now if you use more than three analysis points like A, B, C, D, E, F and G you'll find that you simply can't analyse deeply enough to get the information you need.

You’ll have so much information you can't make any decisions. So simply stick with A, B and C and I urge you to do that as soon as you can.

Once you know the problem then you can certainly find some of the solutions.

| Key Thoughts |
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## Overview Sheets

The way that I use this idea is I have a monthly Overview Sheet of my activities and then a yearly Overview Sheet. This enables me to take a ‘helicopter view’ of what's happening in my life, both in my commercial life and my social life.

So if you don't have Overview Sheets at the moment, I suggest that you definitely start them, so that you can get a real helicopter view of your life.

Then you can plan things in advance and you can also see where you are spending your time.

So again a key to so called time-management, is to know where time is going and be able to see in advance the actions you've plugged in and to know their priority.

| Key Thoughts |
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## Avoid Victim Language

So many times I hear people using what I call ‘Victim Language’ - they say things like:

"He keeps me on the phone for ages"

Now we need to re - phrase that and say:

"I allowed him to keep me on the phone for ages"

“I don't have time to set my goals” That really is “I don't make time to set my goals”.

So listen carefully to your language. Listen to the language of your colleagues so you can pick up whether or not they are using this Victim Language. Then you can catch them, change it round for them and for
yourself and make sure you’re using good assertive language all of the time about time-management.

## Saying "NO"

There are times in our lives when we sometimes say "yes" when - thinking back - we say to ourselves I really should have said "no."

## Urgent Versus Important

We need to be so careful with this so that we are undertaking the important tasks in life, the important tasks in our work life, the important tasks in our social life and not getting tied up every day with just the urgent tasks.

If we get tied up with the urgent tasks only, then the important tasks get left to the end of the day, the end of the week, the end of the month or even the end of the year and never get done at all.

Information you receive from your peripheral vision, that's the side of your eyes, impacts you subliminally (below the threshold) and has more emotional content.

## 1-31 File

The next idea is having what I call a 1-31 File and this is simply 31 hanging files labelled 1 to 31 and they represent the days of the month. If I filed something for let's say 7th April 2562, then it's going to be in file number seven.

It's so simple to do. It means you have only 31 places ever to look for a file that you have misplaced.

Of course with this system you won't misplace things because you have put them in the appropriate days, I would urge you to set up a 1 - 31 file in a filing cabinet or on your computer for yourself.

Then at the start of every day – simply look in the file for that day to take out the paperwork you've diarised.

Key Thoughts

## Establish Uninterrupted Time

You know for yourself there are times when you're preparing a report or preparing a sales plan or having a creative thought about a problem - when you need uninterrupted time.

## Allow for Thinking Time - at work

Thinking of solutions for the problems that come along.

Planning so that you can avoid problems in the future. I would suggest what you do at the start of each week is allocate a couple of hours in your diary for that thinking time. In other words make an appointment with yourself.

## Delegating.

It's great to delegate to people if they can do it faster or they enjoy doing it or they can do it better than you can do it.

Each and every day we need to concentrate our actions on the things that we can do, better than anyone else, and the only way to do that is to delegate.

## Knowing Your Best Time of Day.

Personally I'm a 'morning person' so I know those early morning hours, when the phone isn't ringing are great for getting through loads of work.

I would suggest you think about your various activities during the course of the day and think about activities you've taken in the past.

Do you know what your best time of day is?

## Handle Each Piece of Paper Only Once

It's a case of when you pick something up make sure that you deal with it.

I use the Four D's principle:

- Do it
- Delegate it
- Dump it
- Diary it in the 1-31 file.

Don't use the 1-31 file as a waste paper bin.

My final item for you on the self-management of so called time management; effective management of time, self-management is

## Avoiding Procrastination

Use this process for avoiding procrastination, here's how you do it.

1.You take a piece of paper and on the top of it you write a self-question:

2.“What do I need to do in order to ...?”

3.Why ask what do I need to do . . .? Because then you've told your mind that you've made a decision to do it.

4.Then you list all the actions that you need to take in order to achieve the result that you want.

5.On the right hand side of the page put those items into priority order using numbers.

6.Having done that, fold over the right hand side of the piece of paper and re - prioritise the list.
In other words you measure it twice. You then compare those two prioritisations.

7.Then create a third prioritisation, which you know is absolutely the best way to getting that job done.

If you do that you'll find you can get through so much stuff. That really is avoiding procrastination.

## THE THREE LANES OF THE MOTORWAY – Gill Fielding

## PROPERTY

SETTING STRATEGIES

Setting your strategy is the most important part of your property investing career.

The strategy will change over time and it will alter drastically when you have a change in personal circumstances. For example, there is nothing like a new baby to radically change your investment approach!

Even when your strategy is determined and the properties that form the strategy are all bought and generating income, we still need to constantly review whether it is appropriate or not. EVEN, if the portfolio still fits the strategy AND looks appropriate we still need to constantly monitor and develop the properties within it. So, for instance every return or yield from any property can be ’driven up’ by increasing rents and decreasing costs. You need to work the portfolio and drive it up over time. You will discover that what was an acceptable yield when you first started becomes low as you get more experienced. In this case the low performers get sold and are replaced by more profitable properties. A good investor constantly improves returns.

A mature or fully invested portfolio is NEVER a static one.

Once the portfolio is fully invested it does mean that as soon as your strategy changes you need to review your portfolio again to see if it still fits the purpose. If not – the properties within it need to be extracted from the portfolio and sold. Become cold and heartless about this process. Do not hang onto properties for sentimental reasons. If they fail to fit the strategy OUT THEY GO!

| Key Thoughts |
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INTEREST RATE INFORMATION

We always include some information about interest rates in all trainings as interest rates are vital to any investment as they set the basic cost of the investment to you – and we all know that if you can earn more with money than the cost of borrowing that same money then you have ‘good debt’. So an understanding of interest rates and how to measure them is vital to any successful wealth creator.

So, let's start with some basics.

The interest rate in the UK over the whole time it has been measured averages out at slightly below 10%. So since records began interest rates have generally run at just about single figures. There's our first yardstick then – don't borrow money if it costs 10% or more.

HOWEVER! It is very likely that this rolling average of (lets say 10% for simplicity) will never be that high again because the method by which we set interest rates has now changed and it is very unlikely that we will get huge swings in rates, or big peaks and troughs ever again.

This is because up until 1997 interest rates were basically set by the government and hence if there was an election looming, or some political problem, interest rates could be manipulated by the government to their political advantage. But in 1997, just a few days after labour came to power; Gordon Brown identified the MPC (Monetary Policy Committee) and handed over the power to change interest rates to them.

There are currently 9 members of the MPC, 5 are from the Bank of England and there are 4 'others' who may be academics or economists or whatever. So it is a mixed and merry band of people who now move interest rates in line with customer demand and supply and other world wide interest rates, and not on the whim of a political 'challenge'. Hence, because rates are now driven by open market forces, the highs of 19% or so that we saw 20 years or so ago, should now never happen, mainly because customers can now chose to get their money elsewhere (say in Europe) at cheaper rates.

Key Thoughts

## In summary this is what to look for when borrowing:

- Never go over double the current base rate – so if base rate is 4.5%, then don't pay more than 9% for your investment money.

- Don't do double figures – i.e. don't pay 10% or more.

- Don't pay more than the rolling average rate of interest (currently just under 10%)

And, most importantly:

- Make sure that any debt is good debt by ensuring that any investment returns MORE than the cost of borrowing the money to make that investment.

Keep those guidelines in mind and make sure that you are always in control when borrowing money. There is plenty of money out there waiting for you so be tough when negotiating rates.

# TAKE A RIDE: PROPERTY MARKET INDICATORS

## *A* LTERNATIVES

What are the alternatives to investing in property?

| Key Thoughts |
|---|
| |

## *R* ATIO

How is the basic ratio calculated?

| Key Thoughts |
|---|
| |

## *I* NTEREST RATES

How does the UK compare to other countries?

| Key Thoughts |
|---|
| |

## *D* EMAND

How high is the demand?

| Key Thoughts |
|---|
| |

## *E* MPLOYMENT

Where do we currently stand?

| Key Thoughts |
|---|
| |

## TAKE A RIDE

And what about the late 80's?

Look at take *A RIDE* for then.

| | |
|---|---|
| Alternatives | - were performing better than property at the time |
| Ratio | - was much higher (especially in London and the south) |
| Interest rates | - were at an all time high |
| Demand | - was as high then as now |
| Employment | - was low |

What impact did that have?

Key Thoughts

What other statistics should we look for?

Key Thoughts

## SOURCING

There are 14 sources where we can find property. They are:

Magazines

Local Newspapers

Estate Agents

Driving the streets

Web Sites

Knocking on doors

Auctions

The estates gazette

www.egi.com

Sourcing Agents

Networking: just ask!

Advertise in the press: gold mine

Church Commission

Local authority, planning offices, housing office

Re-possession listings

And don’t forget!

www.propertyenquiries.com

**TARGETTING – The 14 things to look for**

| |
|---|
| 1……………………………………………………………………………. |
| |
| 2.……………………………………………………………………………….. |
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| 3.……………………………………………………………………………. |
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| 4.……………………………………………………………………………….. |
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| 5.………………………………………………………………………………. |
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| 6.………………………………………………………………………………. |
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| 7.……………………………………………………………………………. |
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| 8.……………………………………………………………………………….. |
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| 9.……………………………………………………………………………… |
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| 10.…………………………………………………………………………… |
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| 11……………………………………………………………………………… |
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| 12.…………………………………………………………………………… |
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| 13……………………………………………………………………………….. |
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| 14……………………………………………………………………………….. |

## TARGETTING - the 14 things to avoid!

**1…………………………………………………………………………..**

2.…………………………………………………………………………..

3.………………………………………………………………………..

4.…………………………………………………………………………..

5.…………………………………………………………………………..

6.…………………………………………………………………………..

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11………………………………………………………………………….

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13…………………………………………………………………………..

14…………………………………………………………………………..

# INCOME CALCULATION

The basic broad brush evaluation is:

| | |
|---|---|
| | Monthly rental IN |
| Less: | Monthly financing costs |
| Less: | An approximate management fee: say 10% |
| Less: | An allowance for other costs: say 10% |

What does this tell us?

| Key Thoughts |
|---|
| |

Where will this type of investment work?

| Key Thoughts |
|---|
| |

## The Next Step

Once we have run through the first broad brush evaluation we can then become more specific to us and our particular circumstances, and put in our own exact figures. We can even do a sensitivity analysis or play ‘what if’?

Finally, we then ask ourselves:

*Is it positive or negative?*

| Key Thoughts |
|---|
| |

Why does this strategy work so well?

| Key Thoughts |
|---|
| |

## THE BASIC 'WASH ITS FACE' CALCULATION!

Figures:

| | |
|---|---|
| The purchase price is | £100,000 |
| We get an 85% mortgage @ 5% interest | £ 85,000 |

The monthly numbers are:

| | |
|---|---|
| Rent per month (say) | £650 |
| Less Costs: | |
| Mortgage: | |
| £85k @ 5% = (85,000 x 5/100) ÷ 12 | £354 |
| Management fee allowance @10% of rent | £65 |
| Other costs allowance @ 10% of rent | £65 |
| Net monthly cash flow | $\boxed{+£166}$ |

FORCED APPRECIATION

It is a fact that in the UK over time the value of house prices has risen. Statistics show us that the average house doubles in value approximately every 7 years. It is disappointing to think that many people make more money from their own house than they do from working for a living.

As investors we may not be content however, with sitting still for 7 years when we can take action to force the appreciation to happen more quickly.

As with any strategy it is important to consider at the beginning what exit options are available to us. When buying a ‘distressed’ property for refurbishment such that we can increase the rate of appreciation, we can consider exits such as:

| Key Thoughts |
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| |

Our objective here is to find an ‘ugly’ property and make it as attractive as we can to most people.

Who might you need in your power team?

| Key Thoughts |
| --- |
| |

## **FORCED APPRECIATION -** *Remember to KEEP IT SIMPLE!*

The 12 point plan for making rooms look bigger!

***1. Use small furniture where possible – show homes often have three quarter sized beds for example.***

***2. Drag furniture away from the walls as it stops the eye wandering into the corners of the room.***

***3. Paint furniture the same colour as the walls.***

***4. Make walls look taller with fitted floor to ceiling storage (wardrobes or bookcases for example).***

***5. Use glass topped tables to reflect light – and because you can see through it to the floor below – you can 'see' more floor and hence gives the illusion of space.***

***6. Use sofas and furniture with 'legs' for the same reason: because you can see some floor below the furniture, the floor space looks bigger.***

***7. Use tall thin furniture (tallboys) - where possible.***

***8. Use pale colours for decorating, and avoid patterns.***

***9. Keep the floors pale, and to really maximise the look of the floor area, paint the skirting boards the same colour as the floor.***

***10. If you need one larger room to be divided for separate uses, have different flooring for the different areas – so for instance, carpet at one end and laminate flooring at the other.***

***11. Use mirrored storage units in the bathrooms (and the same in bedrooms if they are small).***

***12. Use the ceiling for storage in the kitchen! Hang your pots, pans and utensils from a rack above the work areas.***

## FORCED APPRECIATION

When the refurbishment is complete, consider your options. Should you hold and rent out or re-mortgage and rent out? Both of these are income options. Or should you refurbish and sell for a capital gain?

Key Thoughts

## THE COMPLETE GUIDE TO CAPITAL: UPWARDS

Gill Fielding

The secret to all capital strategies is to buy low and to sell high. We know that if we just sit on our assets for a certain length of time, the value of our property will probably rise, but in order to become professional property investors we need to ensure that this natural appreciation in property prices is accelerated.

We can identify potential capital investments by following a few guidelines. We can spot the possibility of capital gain by looking for one or more of the characteristics of *UPWARDS*!:

### *U* p and coming

### *P* otential for development

### *W* rong price or agent

### *A* uction purchases

### *R* eversionary properties

### *D* istressed property – is it ugly?

### *S* eller motivated

Is it Up and coming?

The ways to spot if a property or an area is ‘up and coming’ are:

1. Government intervention
…………………………………………………………………………………..

..………………………………………………………………………………..

2. Regional developments

…………………………………………………………………………………..

..………………………………………………………………………………..

…………………………………………………………………………………..

UPWARDS

3. The knock-on effect

…………………………………………………………………………………..

..………………………………………………………………………………..

4. Communications

…………………………………………………………………………………..

..………………………………………………………………………………..

5. Leisure or educational development

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6. Grants, or stamp duty exemptions, or housing subsidies

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Potential for development

There are many types of development, how can we spot the right area and the right property?

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Wrong: pricing or agent or other?

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UPWARDS

Auctions

Auctions are great fun – particularly if you watch the behaviours of the auctioneer AND the auction bidders. Be careful to watch an auction and a particular auctioneer before you bid – as you need to be aware of both the formal terms and conditions of operation of each different auction house, but also the specific ‘peculiarities’ of each auctioneer as well!

Tips:

1. Learn to play the game!

2. Make sure you do plenty of planning

3. Monitor the catalogue and the information within it!

………………………………………………………………………………..

4. Identify and understand the terms and the prices:

- guide price…………………………………………………..
- withdrawn price……………………………………………..
- selling price…………………………………………………

and, the vital

- reserve price…………………………………………………

How can you spot reserve price?

Bidding ‘off the wall’!…………………………………………………

………………………………………………………………………………..

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## UPWARDS

Reversionary properties

Technically this is a ‘sale and leaseback’ arrangement

What does the ‘seller’ get?

……………………………………………………………………………..

……………………………………………………………………………..

What does the investor get?

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……………………………………………………………………………..

What about seller financing?

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Make sure that the agent is reputable and is recommended

*These contracts can work for any property – or elderly relative!*

Distressed Properties

Ensure that you are clear about the difference between purely cosmetic distress and structural distress.

For quick gains on distressed properties look for:

…………………………………………………………………………….

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UPWARDS

Seller motivated

Always try to discover if the seller is motivated and work out how best to structure the deal FOR THEM!

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## Summary

By combining one or more strands of the UPWARDS formula you can increase your chance of success. If two, three or even four strands of UPWARDS come together in one property – that maximises your profit potential.

Remember:

*U* p and coming
*P* otential for development
*W* rong price or agent
*A* uction purchases

*R* eversionary properties
*D* istressed property – is it ugly?
*S* eller motivated.

| Key Thoughts |
| --- |
| |

# Compounding Formula

1. To find out how much you will have after a certain amount of time, with a certain interest rate and starting with what you have:

   Where: x is what you'll end up with.
   P is what you start with
   r is the rate of interest you get, and
   n is the number of years you save.

   So, if you have £5,000 and want to save for 5 years at 10% per year, you:

   $X = 5{,}000 * (1 + 10\%)^{5}$

   $X = 5{,}000 * (1.10)^{5}$

   $X = 5{,}000 * 1.6105$

   X = £8,052

So, after 5 years at 10%, your £5,000 is worth £8,052.

NB the number stuck up in the air is 'to the power of' and you will have this button on most standard calculators as:

$x^{y}$

2. To reverse this and find out how much you need now to have a certain sum in the future, you need:

   $X/(1+r)^{n} = P$

Where X is the amount you want, and all the other letters are as above.

So, if you want £10,000 in 5 years time and you can get 10% per year, how much do you need to have now?

$$10{,}000/(1 + 10\%)^{5} = P$$

$$10{,}000/(1.1)^{5} = P$$

$$10{,}000/1.6105 = P$$

$$P = 6{,}209.$$

So in order to have £10,000 in 5 years time and you are getting 10% per year, you need to have £6,209 now.

3. Regular savings. Now if you want to save annually, then go onto the second part of the formula. If you want to find out what happens when you save monthly, you need to complete part a) first.

   a) This converts an annual interest rate into a monthly one. So let's say you save monthly but your annual interest rate is 12%. To find out the monthly rate (which you will need for part b of this calculation) you:

$$M = (1 + r)^{1/12} - 1$$

So, $M = (1 + 12\%)^{1/12} - 1$

$$M = (1.12)^{1/12} - 1$$

$$M = .9489\%$$

So a 12% per annum interest rate gives you .9489% per month.

b) To work out how much you have at the end of a certain period when you save monthly, you need:

$$X = S * (1 + m)/m * [(1 + m)^{n} - 1]$$

Where X is what you want; S is the monthly savings, m is the monthly interest rate, and n is the number of times (or months) you save the money.

So, if you save £50 per month for 18 years at 12% interest per year.

$$X = 50 * (1 + .9489\%)/.9489\% * [(1 + .9489\%)^{216 \text{ mths}} - 1]$$

$$X = 50 * 1.009489/.009489 * [(1.009489)^{216} - 1]$$

$$X = 50 * 106.38 * [7.69 – 1]$$

$$X = 50 * 106.38 * 6.69$$

X = £35,584

So, if you save £50 per month for 18 years at 12% per year, you end up with £35,584

The specific illustration used in the programme is about a savings of £50 per month for 18 years at 12% (as calculated above) which is then left as a lump sum for 32 years (until the person reaches aged 50), 42 years (until he reaches 60) or 52 years (until the age of 70).

We have already calculated our starting lump sum above as £35,584.

So then apply the first formula to this:

$X = £35,584 * (1 + 12\%)^{32}$

$X = £35,584 * (1.12)^{32}$

$X = £35,584 * 37.58 \quad = £1,337,246.$

Next,

$X = £35,584 * (1.12)^{42} \quad = £4,153,476.$

Finally,

$X = £35,584 * (1.12)^{52} \quad = £12,900,066.$

Key Thoughts

**The 3 Golden Questions of Business Growth**
**By Peter Thomson**

Here they are – the three most important, the three key, the three critical questions of business growth.

1. How do I or we increase the number of customers who use our business?
2. How do I or we increase the average order value?
3. How do I or we increase the average order frequency of purchase?

| Key Thoughts |
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Three very simple questions and yet the answers to them will provide every necessary strategy you need to build turnover, profits and commissions.

The Numbers

Let's look at how the numbers work.

Imagine that we have a business together where we have

➔ 100 customers

➔ Who spend an average amount of 100 pounds, dollars, francs, whatever the currency each time they spend it with us and that . . .

➔ They spend that amount twice in the period we are examining. That could be twice a year, twice a month, twice a week – it doesn't matter for these examples.

| Customers | Av. Order Value | Av. Order Frequency | Turnover |
|---|---|---|---|
| 100 | 100 | 2 | |
| | | | |
| | | | |

As you can see that’s 100 customers, 100 average order value and twice as the average order frequency.

| Customers | Av. Order Value | Av. Order Frequency | Turnover |
|---|---|---|---|
| 100 | 100 | 2 | 20000 |
| | | | |
| | | | |

Now the turnover of our imaginary business would be 100 x 100 x 2 that equals 20,000.

Turnover is the multiplication of how many customers we have who buy from us, how much they spend each time they spend, on average and how often they spend that amount on average. That's turnover.

## “Turnover is Vanity . . . Profit is Sanity”

Most companies, most firms and most organisations spend the majority of their time, their effort and their marketing and sales budget in getting new customers. Some focus only on this activity.

Now as you and I know - we do need to get new customers because we’re bound to lose some of our current customers over time. However trying to build a territory, a region or a business by only getting new customers is the hard way.

Let me show you the power of the 3 Golden Questions simply based on these figures for the moment.

Let's say in our business we were able by sales and marketing effort to get 10% more customers – what would our business look like now?

| Customers | Av. Order Value | Av. Order Frequency | Turnover |
|---|---|---|---|
| 100 | 100 | 2 | 20000 |
| 110 | 100 | 2 | 22000 |
| | | | |

| Key Thoughts |
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Now we'd have 110 customers spending on average 100, twice in the period and our turnover would have risen by 10%.

Simple! We increase one factor in the equation by 10% therefore we've increased the total by 10% and yes – this is one way to grow – however.

Let's now look what would happen if we were able, through a number of sales and marketing strategies and actions, to increase by say 10% all of the factors in the equation.

That's an increase of 10% in number of customers, an increase of 10% in average order value and an increase of 10% in average order frequency.

Remember this is just to demonstrate the concept.

| Customers | Av. Order Value | Av. Order Frequency | Turnover |
|---|---|---|---|

| | | | |
|---|---|---|---|
| 100 | 100 | 2 | 20000 |
| 110 | 100 | 2 | 22000 |
| 110 | 110 | 2.2 | 26620 |

As you can see this has produced an increased turnover. Now - our business turns over 26,620 as opposed to the original 20,000. An increase of 33.1%!

And this is by an increase of only 10% in each of the three key areas - numbers of customers, average order value and average order frequency.

Key Thoughts

I've certainly known businesses that have been able to achieve far greater increases in these areas.

Now in some businesses it has not been possible to increase in all three areas but they have been able to increase in 2 areas and still created greater turnover.

Let's try some other figures:

Let's say an increase in customers by 23%, an increase in average order value by 16% but only an increase in average order frequency by 5%.

What does that produce?

| Customers | Av. Order Value | Av. Order Frequency | Turnover |
|---|---|---|---|
| 100 | 100 | 2 | 20000 |
| 110 | 100 | 2 | 22000 |
| 123 | 116 | 2.1 | 29962 |

As you can see an increase of 9,962 or in other words nearly a fifty percent increase in turnover.

Ok so we have the basic idea. The 3 questions are:

1. How do I or we increase the number of customers who use our business?
2. How do I or we increase the average order value?
3. How do I or we increase the average order frequency of purchase?

| Key Thoughts |
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In a moment I'll give just some of the answers to these questions, some of the ways that you can take action and produce better results.

But before I do that let's just look at the profit implications of this greater turnover.

In our business that was turning over 20,000 let's take an example of profits.

| | | |
|---|---|---|
| Turnover | 20000 | |
| Fixed Overheads | 9000 | |
| Variable Overheads | 9000 | |
| Profit | 2000 | |
| Profit Increase % | | |

So turnover 20,000, fixed overheads 9,000, variable overheads also 9,000 leaving a profit of two thousand.

You'll recall that if we were able to increase all three areas by just 10% that's an increase in customers, average order values and average order frequency - we would increase turnover to 26,620 an increase of 33%. Now let's see what it might do to profits.

I think, and you may agree from your own experiences, that if we were only increasing by say 10% across the board then most of our costs would probably stay the same.

We might not need any extra staff, we might not need any extra premises, we might only need to increase our purchases by the hard cost of the extra products and services we sold.

| Key Thoughts |
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So taking that into account and again this only by way of demonstration to get the concept firmly in your mind – let's see how our business performs now.

| | | |
|---|---|---|
| Turnover | 20000 | 26620 |
| Fixed Overheads | 9000 | 9000 |
| Variable Overheads | 9000 | 11000 |
| Profit | 2000 | 6620 |
| Profit Increase % | | 231% |

Turnover has risen to 26,620 - I kept fixed costs at 9,000, increased variable costs to 11,000 and that would leave profit at 6,620 or an increase over the previous figure of 2,000 of a staggering 231%!

Now I know that these are only examples, however I've seen companies achieve these increases and better. Much better once they got their heads round the idea of spending their time effort and money across the three questions rather than just concentrating on increasing the numbers of customers.

## The Tax year endeth! – Gill Fielding

I love the Inland Revenue and the concept of a tax year which is different to a universally accepted calendar – only in the UK could we have such a bizarre and eccentric concept where the tax year ends on $5^{th}$ April. But this is how that happened.

In the $12^{th}$ Century the governments of the day discovered that a year was 365 days in length and they decided in their wisdom that a year should start on the $25^{th}$ March. The only logic to this was that if Jesus was born on the $25^{th}$ December, then Mary must have got pregnant on the $25^{th}$ March. This worked very well until 1750 when it was decided to bring calendars into line with the Gregorian calendar which was more accurate. Gregory was the Pope at the time and he had already introduced this calendar into catholic countries.

So it was decided to change over the calendar during 1752, and that the New Year would start on the $1^{st}$ January 1753. However there was a public outcry claiming that 11 days had been lost (the government had effectively done away with September $2^{nd}$ to September $14^{th}$ 1752, so that they could even things up a bit). So in order to counteract this public opinion (perhaps there was a general election looming?) the government said, well OK, we'll compromise and so for this year only we'll add the 11 days back on so that the year won't end on March $25^{th}$ as usual – but it will end on $5^{th}$ April: being March $25^{th}$ plus 11 days.

This 'one year' only practice continued for a couple of hundred years or so until 1970 when the official year end was confirmed at last by statute (The Income and Corporation Taxes Act) – unfortunately the year end was confirmed not as $31^{st}$ December, but – you guessed it - $5^{th}$ April

# Inheritance Idiots! – Gill Fielding

When I was young and naïve and starting out on my wealth creating career the only tax I had heard about was income tax and my sole objective was to avoid paying that. Of course, by avoiding income tax I stumbled into something else called capital gains tax, and the second version of my investment strategy was the avoidance of that.

However now I am older, wiser and more importantly have three children I know for absolute certain that the tax we should all be concerned with is inheritance tax! So my strategy version three is an inheritance tax avoidance programme because it's the one biggy of a tax that cripples us for two reasons. Firstly it wallops in at 40% irrespective of your lifetime tax rates and secondly of course, you're dead so you can do nothing about it.

It saddens me because it's the one tax that, with planning, you can do much to mitigate the eventual tax position but people don't address it fully mainly because they are scared of dying and don't want to think about it. BUT statistically people with wills live longer than those without so use that as some motivation.

Otherwise you will suffer this:

"If an £800,000 estate is divided equally among three children and no steps are taken to avoid inheritance tax, the government will take a larger share of the estate (£214,800) than each of the three children (£195,000)."

| Key Thoughts |
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# Final Points

RESOURCES

Section One: Where do I start?

www.nationwide.co.uk
www.hbosplc.com/economy/housingresearch.asp
www.odmp.gov.uk
www.housepricecrash.co.uk/base-rates.php
www.statistics.gov.uk

Section Two: How do I do it?

www.ukpad.com
www.ukpg.co.uk
www.propertyworld.co.uk
www.propertyfile.co.uk
www.property-platform.com
www.vebra.com
www.newspapers.com
www.cofe.anglican.org/about/dioceseparishes/rscale
www.repossessedhousesforsale.co.uk
www.repossessionangels.com
www.capitalpropertylist.co.uk
www.egi.co.uk
www.hotpropertyalert.co.uk
www.propertyenquiries.com
www.land-property-grab.com
www.landreg.gov.uk
www.upmystreet.co.uk
www.environment-agency.gov/uk
www.ofsted.gov.uk/inspect/index.htm
www.landreg.gov.uk/proeprtyprice/interactive
www.propertylicense.gov.uk
www.hmrc.gov.uk/so/disadvantaged.htm
www.residential-investment-property.co.uk
www.nethouseprices.com
www.housepals.co.uk

www.homelet.co.uk
www.hometrack.co.uk
www.rightmove.co.uk
www.aspc.co.uk, espc.co.uk, gspc.co.uk, and pspc.co.uk (solicitor centres)
Section three: What other information do I need?
www.bizhelp24.com
www.smallbusiness.co.uk
www.businesslink.gov.uk

## RESOURCES

For the belief side of your scales look at:

| | |
|---|---|
| Napoleon Hill | Think and Grow Rich |
| Stuart Wilde | The Trick to money is having some |
| Bob Proctor | You were born rich |
| Louise Hay | Most of her books and tapes have a section on attracting abundance |
| Think yourself rich | Sharon Maxwell Magnus |

For the pounds side of your scales:

| | |
|---|---|
| Michael Gerber | The E Myth - and other titles |
| Jay Abraham and Peter Thomson | Fire Your Boss and Hire Yourself |
| Christopher Spink | How to invest when you don't have any money: The Fools Guide |
| Russ Whitney | Building Wealth: from rags to riches through real estate |
| Jim Slater | How to become a Millionaire+ any other title |
| Bernice Cohen | Anything she has written! |
| Alvin Hall | Winning with Shares |
| Felix Dennis | How to get Rich |

For both sides look at:

| | |
|---|---|
| R Kiyosaki | Rich Dad, Poor Dad. |
| R Kiyosaki | Cash Flow Quandrant |
| Robert Allen | The Road to Wealth |
| Lynn Franks | The Seed Handbook |
| Alvin Hall | Money for Life |
| David Bach | The Automatic Millionaire |
| Allen & M V Hanson | The One Minute Millionaire |
| D Trump & Kiyosaki | Why we want you to be rich |

Key Thoughts

# FINAL CRUNCH POINTS – Gill Fielding

1. Get your scales in balance – start to think about your wealth balance.

2. If money doesn't stay with you for very long think about your belief side of the scales. What belief are you holding about yourself or wealth that stops money flowing to you?

3. Understand your bath, analyse your money, and review all the income and expenditure.

4. Start to think about the huge abundance there is – think of trees and Bill Gates and the sea of abundance.

5. Set your wealth goal and your belief goal and work towards them.

6. Ensure that you keep the compounding in your favour.

7. Never borrow to spend, only borrow to invest!

8. Bear in mind that equities have always out performed interest rates.

9. Remind yourself how wealthy people feel about money, and how poor people feel about money. Start to fake it till you make it with the feelings of wealth.

10. Some of you will know the famous quote from Emerson. "It's not what a man thinks he is, but what he thinks, …he is". So think wealthy.

## QUOTES

“ Dreams come true when desire transforms them into concrete action. Ask life for great gifts and you encourage life to deliver them to you”

Napoleon Hill.

“Abundance will never be a factor of how much money one has. Rather, it is always a factor of how one *feels* about what money one *does* have”.

Stuart Wilde

“Never borrow to spend only borrow to invest”

Robert Allen

"Most people are “motivated, energetic, committed, enthusiastic and loyal – except for the eight hours they work for you”.

Tom Peters

“Love people and use money to your advantage – not the other way around”.

Gill Fielding

“ The avoidance of tax is the only intellectual pursuit that still carries any reward”.

John Maynard Keynes

“On your quest, think of the symbology of the woodpecker. Each peck does not amount to much, but eventually the whole bloody tree comes down”.

Stuart Wilde

## Laugh and learn

*Lottery: A tax on people who are bad at maths*

*Never underestimate the power of stupid people in large groups.*

*It is now beyond any doubt that cigarettes are the biggest cause of statistics.*

*If you think nobody cares about you, try missing a couple of payments.*

*Why is it that when we bounce a cheque, the bank charges us more of what they already know we don't have any of?*

*All I ask is a chance to prove that money can't make me happy.*

*Why is the man who invests all your money called a broker?*

*Sometimes the majority only means that all the fools are on the same side.*

*Learn from the mistakes of others. You can't live long enough to make them all yourself.*

*The buck doesn't even slow down here.*

*Advice is free; the right answer will cost plenty.*

*Why is it that if the teacher tells you that there are one billion stars in the sky, you will believe him, but if he tells you a wall has wet paint you still have to touch it to be sure?*

*When the only tool you have is a hammer, every problem begins to look like a nail.*

*Following the path of least resistance is what makes rivers and men crooked.*
*(All quotes on this page taken from "The Ultimate Book of Naughty Graffiti", complied by Greg Knight).*

THERE ARE INDEED A GREAT MANY MORE THINGS IN LIFE THAN MONEY, AND IT IS MONEY THAT GIVES US ACCESS TO MOST OF THEM

Terry Eagleton, Quoted In The Guardian

*And finally, remember that.......*

EVEN IF YOU WIN THE RAT RACE, YOU'RE STILL A RAT

Lily Tomlin

# APPENDICES

## Business Ownership: Article WHY DON'T YOU JUST MIND YOUR OWN BUSINESS!

*This article first appeared in Finance Confidential*

It is very unlikely that you will ever get truly wealthy working for someone else, because while you are at work toiling for your 8 hours – or more – per day, what you are doing is working on somebody else's dream. What a blow!

The people that become really wealthy in their own lifetimes do things differently to the majority of folk. One thing they do differently is that they often 'mind their own business'. Of the working millionaires in this country, 39% of them are Directors of their own company and another 24% are 'self employed'. So just look in the mirror and if you weren't born into money, you didn't marry money and you haven't won the lottery, then I suggest that you just get going and start your own business. So where should you start?

1. *What business should I be in?* Most people would love to start their own business but just can't think what business to be in! So, just relax, get a glass of wine, or get into a hot bath and ask yourself: what am I good at? What are my hobbies? What do I like doing? What business or business person do I particularly admire? What skill or service comes naturally to me? What do I feel passionate about? What part of what I do at the moment for somebody else that I enjoy doing could I do for myself? If you write 5 or more answers to each of these questions you will certainly have identified your own business niche. Look for common threads in your answers and for the topic, service or product that presses your hot buttons, and away you go!

2. *Where do I start?* Now you go information gathering for anything you can find about starting a business. Go to the

local citizens advice bureau, your own bank, the local Independent Financial Adviser, business college, accountant, lawyer, people who you know who successfully run their own business, your coach, and local enterprise centre. All of these people will probably provide you with their own pack of information about starting a business (because they all want you to use their services when you are wealthy) which you can utilise for your own purposes. Read as much as you can, go on courses about setting up a business, and most importantly start to plan.

3. *Do your planning*. If you fail to plan you are planning to fail, so plan everything you can. Plan when you will start, how much time you want to put in: will you start part time whilst doing a 'normal' job; does your normal job allow this? Will you work with anyone? How much do you want to get out of the business financially and in other terms? Carefully consider the partnership options because very few of us are good at everything and joining forces with somebody with complimentary skills may be the way of fast tracking your business. I know this because it worked for me and although I had a thriving business when alone, I went up a division when I joined up with a marketing partner.

4. *Start people planning*. When you start your business you will soon need to interact with countless people: customers, suppliers, advisers, financiers, customers, supporters, accountants, publicists, bankers, customers, advertisers, employees, lawyers, oh, and did I mention customers? So when you do your planning make lists of everyone you know and aim to list all the people that they know and so on. Your ideal reservoir of potential customers needs to be around the 1,000 mark and you will soon get to this total if you know say 30 people and they in turn know 30 people each. Start collecting contact details, revisit old friends and business contacts, and better yet start thinking about what you can do for them. The adage states that you will only get what you want if you help enough other people to get what they want. Start concentrating on networking, identifying how to

help others and clearly defining what it is about your product or service which is of benefit to others.

5. *Start with the end in mind.* Now this may sound daft but with any business that you start, begin with the end in mind and consider what the business will look like when it's finished. Ask how will the business end? Will you sell it, or will the business just be a method by which you can stop working for one idiot and set to work for another! So start with the end in mind and work backwards. If you want eventually to sell it (and if not why are you really doing this?) you need to work out how you can make the business run on its own when you are not there. This is the big trick and the one piece of strategy that will distinguish your business above the millions of other sole traders. Only if your business can run without you personally will you be able to maximise its selling price. In addition, if you can become independent of your business you clearly have established a source of passive income that supports you whilst you sleep – lovely

The bottom line: every body should consider minding their own business as one of the ways in which to become wealthy. Begin with an aim to see your business as independent of you as a person and, before you start, read Michael Gerber's 'The E Myth'.

Nothing is this article is specific advice nor is it intended to be.