

SUMMARY

THE SELF-MADE BILLIONAIRE EFFECT

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Summary of “The Self-Made Billionaire Effect” by John Sviokla and Mitch Cohen

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Learn what it really takes to become a billionaire.

Introduc-
tion

5

Self-Made Billionaires Stand Out

6

Merging Innovation with Empat-
hy

8

How to Seize the Market

11

Final Summary

14



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Introduction

What does it take to become a billionaire? Many of us have asked that question, but we don't really know the answer. Do you have to be born into money? Do you have to invent something totally new? Do you have to be a tax evader or money launderer? You might be surprised to learn that, actually, none of those things are prerequisites to becoming a billionaire! Sure, in some cases, they might help, but none of those factors form the origin stories of most modern billionaires. By examining the success stories of people like Jeff Bezos, Elon Musk, and Oprah Winfrey, we're going to learn about their raw, unfiltered rags-to-riches journeys and discover what really makes a billionaire.



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Self-Made Billionaires Stand Out

To put it very simply, billionaires are basically just supercharged entrepreneurs. If you were looking for a more complicated explanation, you might have come to the wrong book. Because that's pretty much it, pure and simple! People who make their own fortunes on a billion-dollar level are simply people who have mastered the tricks any entrepreneur needs to survive. Here's how it works: if you're an entrepreneur, you already know that you need to wear multiple hats at once. You must be both calm and chaotic, sensitive and made of steel. That's because an effective entrepreneur must be able to balance multiple conflicting aspects of running a business.

If you want to succeed, you need to think up innovative new products and challenge the status quo, all while knowing when to take a chill pill and do the best thing for your company. Likewise, you have to push envelopes and break boundaries while relying on solid business advice. You must be sensitive enough to be in touch with the finer nuances of running a business and be capable of empathizing with employees and customers alike. Similarly, you must remain resilient in the face of criticism and unwilling to crumple under pressure.

There's no doubt about it: embodying both ends of two extremes is tough! It's so tough, in fact, that most people can't hack it. And although everyone wants their business to succeed, many people just aren't willing to invest in the personal and psychological development necessary to simultaneously inhabit dual states of mind. But self-made billionaires like Bill Gates know that duality can put you at the top of your game if you have the right attitude. Gates understands the value of learning to see the big picture and live in the present. He's even learned to manage multiple ideas-- and even multiple companies!-- at the same time. And, most importantly, he didn't set out to become a billionaire. Instead, Gates set out to create the best product he could and develop a successful business. But because he applied these core entrepreneurial principles with such finesse, he became a self-made billionaire.

Fortunately, however, our “supercharged entrepreneur” theory is only the tip of the iceberg. That might be our elevator pitch for explaining how people become billionaires, but the story doesn’t end there. So, hang in there, because over the next few chapters, we’re going to examine the specific qualities (known as “dualities”) that make a supercharged entrepreneur and future billionaire.



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Merging Innovation with Empathy

In the previous chapter, we mentioned the importance of balancing innovation with stability. Now, we're going to take a look at how these concepts operate in practice. At first glance, it probably sounds like we're discussing two opposites; it's kind of like saying someone is both slow and fast. On the surface, that sounds impossible, right? But in fact, it's absolutely possible to take your time when you really need to, to slow down and learn the important stuff, and then use that knowledge to enhance your training and your natural gift for speed. As any runner will tell you, that balance is what helps you to win the race! Well, the same is true for entrepreneurs. Many people miss out on the value of duality, however, because too many budding business owners start out on the wrong end of one extreme.

For example, lots of people will say something like, "I want to start my own business!" or "I want to be a billionaire!" They then use this motivation as their mantra or their guiding principle. Sounds like a recipe for success, right? Not necessarily! Because when you do that, you're casting yourself as the hare in the classic fable of the tortoise and the hare. In case you're unfamiliar with the story, it simply goes something like this: a tortoise and a hare agreed to a race. Given that turtles are notoriously slow and bunnies are known for being fast, the hare immediately agreed, thinking that it wouldn't be a real contest at all. And in fact, he got such a strong lead so quickly that he assumed the tortoise would never catch up. He felt that he knew what he was doing and that his win was assured, so he decided to pat himself on the back and take a well-deserved nap. But when he woke up, he realized that the tortoise-- who had taken his time, been patient, and balanced small bursts of speed with moments of rest-- had a massive lead! In fact, the tortoise was so close to the finish line that the hare had no hope of catching up.

And that's exactly what happens when, as an entrepreneur, you lean too hard on one extreme. Charging into business with an explosive launch might seem like a great idea at first. Same goes for quitting your job on a

whim and sinking every last dime into the launch of your new company. Many people employ both of these strategies because they know that being bold and passionate has worked for others in the past. And while that's certainly true-- and we're not arguing that these strategies are unsuccessful or even ill-advised-- it's also important to find balance. Because eventually, just like the hare, you're going to run out of steam. Your business might encounter an unexpected setback. You might find yourself in a situation that requires a slow and steady approach rather than an explosive burst. Now what? This is the point when many new companies crumble. Although their fate is often perfectly avoidable, budding businesses are often lost to oversight or miscalculation on the part of their founders.

The same is true of people who get into business for the wrong reasons. Let's say you start a company because you want to be a billionaire by the time you're thirty or you want to see your name in lights. Neither of those things are inherently wrong, but what if you don't care about your customers, your people, or your product? Maybe you're totally okay with selling shoddy workmanship or even a potentially harmful product as long as you make a quick buck. The authors observe that this strategy has worked for some people in the past, but it's unlikely to hold up in the digital age of accountability. Gone are the days where you can expect customers to blindly take your word and fork over their hard-earned cash. Today, if you want to build a successful business, you have to make a genuine connection with your customers. And above all, you have to be authentic and transparent.

Self-made billionaires recognize this, so they operate on what the authors consider to be the most vital form of duality: innovation + empathy. This state is also called "empathic imagining" because it involves dreaming up an original and innovative idea that centers around the customer. Rather than thinking, "I just want to be a billionaire" or "I want to be famous," empathic imagining asks, "What do people need? And how can I invent something that meets that need?" However, that doesn't mean you have to start a nonprofit or that it's wrong to want to make money! The need you're meeting might be as simple as an exciting new brand of champagne or a new

luxury automobile. But you have to start by thinking about your customer base and how you can create a product that resonates with them.



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How to Seize the Market

So, now we've discussed the core attitude that's necessary for developing a billion dollar idea, But how do you come up with that idea in the first place? Unfortunately, this book can do a lot of things, but it can't generate your ideas for you! Sadly, ideas are hard to come by; it would be awesome if you could simply walk over to your local coffee shop and pick up a billion dollar idea along with your morning latte, but that's just not possible. Instead, as you work to brainstorm your idea, you have to have the right mix of another dual state: timing and money. Everybody can probably think of a product that was a total flop at one time and a blockbuster in another. Why? Because some things are simply ahead of their time or they enter the game right as the current fad is on its way out.

A self-made billionaire knows that, when it comes to billion dollar ideas, timing is everything. Because if you launch the right idea at the wrong time, it's still going to be a total flop! That's why it's important to be one step ahead. As an entrepreneur, you should not only be aware of the current trends, but of those that are on the way. Because the new fad will fade-- as they always do-- and something will rise up to take its place, usually sooner rather than later. Few things are overnight sensations, however; as a general rule, you can usually identify the next big thing as it comes around the corner. So, keep your ear to the ground and be ready to evolve with the times! People might not be ready for your product right now, but they might be in a few months.

Timing will then help you launch your idea into the marketplace. Once you know people are receptive to your product, you can bring it into the public eye. But how do you do that? Is there a secret billionaire strategy that only works for a select few? Not at all! The authors observe that what sets billionaires like Bill Gates, Elon Musk, and Micky Arison apart is their use of the previous strategies in combination with something called "inventive execution." Inventive execution is very similar to empathic imagining because it involves using imagination, empathy, and innovation to embody

dual states of mind and do something new. Put simply, it means to brainstorm an idea for a new product even while you're tweaking it to make it more appealing to customers.

That might sound like a pretty obvious strategy, but that's not necessarily the case. For example, most products go through a few rounds of brainstorming before a team says, "That's a winning idea!" and tosses it on the market. This, of course, can cause products to flop if they're being released into an oversaturated market or if they're not right for their time. But if you want to make your product truly appealing, you play with the idea while you ask, "Is this really what customers want? Is this the best thing for our company? How can we reframe our brand, appeal, or product and really connect with our customers?" It might sound like a lot of hassle, but Micky Arison learned that this strategy can literally make the difference between bankruptcy and billionaire status.

Here's how it works: when Micky Arison was named as the CEO for Carnival Cruises, he felt as though he'd been made captain of a sinking ship. (Yes, that ship pun was intended!) At the time, Carnival Cruises boasted a scant fleet of only three ships and customers weren't exactly lining up around the block. He knew he had to do something fast if he wanted to save the company, but what could he do? To solve this problem, Micky started by employing empathic imagining: he asked himself what people needed. And as he reflected on this question, he discovered that people needed an accessible cruise experience. At this point, cruises were considered a luxury, a vacation opportunity that was limited only to the wealthy. That would certainly explain why more people weren't lining up to book a cruise! That's when Micky realized that he could take his company from "Blah" to "Ahh!" by redefining their purpose. Rather than marketing themselves as a luxury cruise line, Micky began marketing Carnival Cruises as a vacation experience anyone could enjoy. And almost overnight, Carnival Cruises had become a billion dollar corporation. In fact, by 1980, they weren't just a billion dollar cruise line... they were world leaders in the cruise industry!

So, as you can see from this example, when you combine inventive execution with empathic imagining and a strong knowledge of your market and your timing, it can make all the difference in the world!



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Final Summary

When we think of billionaires, it's easy to imagine that they're an almost superhuman class of people, possessed of money-making secrets that the rest of us aren't privy to. But as the authors illustrate, nothing could be further from the truth! In fact, most self-made billionaires are simply skilled entrepreneurs who learned how to supercharge the qualities that every entrepreneur needs to succeed. For example, rather than succumbing to the temptation to rush into things or exist on only one end of an extreme spectrum, self-made billionaires inhabit dual spheres with ease.

They know how to be both empathetic and innovative. They know how to redefine a product while you're brainstorming it and they understand the importance of timing. This means that, if you work hard and develop these qualities in your own life, anyone can learn the necessary skills to become a self-made billionaire!



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