



Fundamentals of Financial Success (Part 1)

“Nothing worth achieving comes without a price.”

So, you’d like to be financially successful? The funny thing is that it is something that so many people desire, and is fundamentally straightforward, yet most people never achieve it.

For most people it’s not about piles of money or gold bullion under the bed, it’s about freedom, independence, choice and peace of mind. It’s different for everybody and that’s where you need to begin. Any goal begins with clarity of the outcome you desire. So decide and define what financial success is for you, and you have begun, you’ve now got a goal or a target.

At Framework Financial, we often ask “what’s your number?” How much is enough to let you live the life you want and have the choices you desire.

So let’s talk about the first fundamental step to financial success.

Earn it ...

The basis of all wealth is income. To “Earn” is defined as “to gain or get in return for one’s labour or service”. The basis of income is service. Fundamentally your income is directly related to your service. It’s an exchange, you provide me with service, you solve some problem for me and I will give you back that value in Euro notes. It’s always been that way. I give you a bucket of milk, you put shoes on my horses.

So you want to be financially successful, the question is *how can you serve more*? This should be your focus, and avoid focusing on what the government does or doesn’t do.

Of course you can argue that some people get more than they rightfully earn, but that is a relatively small amount of people, so my advice is to not take up space in your head worrying about them. Focus on you and how you can serve more to earn more.



Something to think about is leverage. How can I serve more people, provide more value for the same level of investment of your time and effort? Take our little wizard friend, Harry Potter. Let’s say JK Rowling writes this book specifically for you and it takes her one whole year and she charges €100 per day. She completes the book and presents it to you with an invoice for €36,500 (365 days * €100). Well the book may be good but €36.5k ?? How about selling it to 10,000 people at €3.65. According to Wikipedia, JK had sold 450 million books as at June 2011, now that’s leverage. Now I know you may not fancy yourself as the next JK Rowling or Bob Dylan but you know what I mean, find the leverage to spread more value to more people.

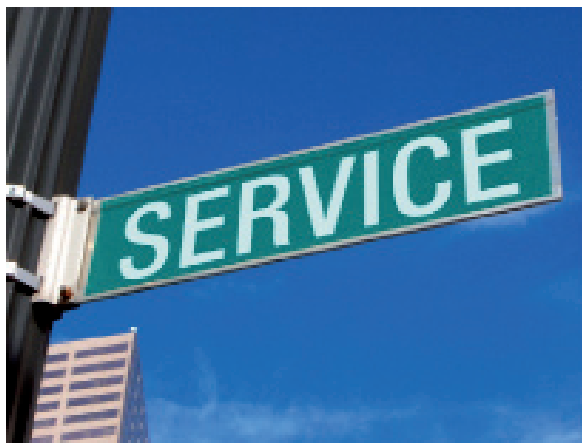
Now let’s mix that idea of leverage with supply and demand. Now it’s all very well giving examples of JK Rowling or for that matter Lionel Messi, Rory McIlroy or Bill Gates. Given that they supply a service or have a talent that is in short supply, they can earn more. Two thoughts, yes true, however, it’s easy (and convenient) to ignore or not see the effort these people put in to become the best in their fields. Talent in itself is almost always never enough.

The world is full of talented people who haven't developed it into world class performance and financial success.

Too many people use their time and effort convincing themselves and others that they can't earn more and focus on the few who get what they don't earn. That's just a whole lot of wasted time and effort.

Let's talk about plumbers. Why not?

During those Celtic Tiger years, there were a certain amount of plumbers and a certain amount of work available. As the demand for plumbers was high, they could earn more for the same amount of time or service. It was a time of extreme conditions and caused that relationship between service, value and price to become quite volatile and imperfect at times.



Now today, the situation has reversed to the other extreme and we have excess supply and too little demand. So, can you give me the name of a very good/excellent or even world class plumber you know? If I asked 100 people the same question, do you think I'd have a bucket full of names of highly recommended world class plumbers? Now I'm not picking on plumbers, I could do the same of accountants, solicitors, restaurants, hairdressers and candlestick makers.

My point is that supply and demand will always effect the relationship between service, value and earnings. Even in times of excess supply, there's usually demand for the best. So even today, there's opportunity to serve more, add more value, earn more or even just build a reputation that will allow you to earn more in the future.

I'm not saying it's easy to add more service, add more value, wow your customers or colleagues, but 99.9% of the time the greater the efforts, the

greater the rewards.

A final thought.... many financially successful people earn more because they use more of their time serving more. How? Because they love what they do or have a passion for it. So hard work doesn't so much feel like hard work. I mean why do some very successful people keep working even when they have earned a lifetime of money? It's because they love it. Now I'm not saying we can all be rock stars or sports stars but if you can serve by doing something you like or better still love, then you'll work harder and earn more.

The first fundamental pillar of finance success is to "earn it". We'll cover the other fundamentals of financial success in our next newsletters.

To conclude,

- Decide what financial success is for you. (specifically)
- Decide to commit to serving more to earn more.
- Look for the leverage to provide more value to more people.
- Raise your game, there's always demand for the best.
- Find a way to love what you do.

Now you are on your way. (and as ever, we are here to help).



Last word

Thanks for taking the time to read our "latest word"

Feedback on our newsletters is always welcome and gratefully received. joe@fwf.ie.

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