



## Intentional Wealth Building for Entrepreneurs

Episode #36

Listen to the podcast or read the show notes on [lisalarter.com/shetalksbusiness](https://lisalarter.com/shetalksbusiness)

### Lisa Larter (00:01):

Welcome to, She Talks Business. If you're an entrepreneur, business owner or aspiring mogul, chances are you want to learn more about marketing and mastering and monetizing your business. She Talks Business is where you'll learn all of that and more. My name is Lisa Larter and I'm an entrepreneur, high school dropout, wiener dog enthusiast and your host. Let's get started.

### Lisa Larter (00:25):

Hello and welcome to episode number 36, Intentional Wealth Building for Entrepreneurs. And I say intentional for a reason, as an entrepreneur, you don't have a pension and unless you were born with a silver spoon, you need to be intentional around how you build wealth for your future. Now I know that sometimes wealth feels like a dirty little word. People don't like to talk about it. People don't like to think about it, and they definitely don't want to get honest about it. So I'm hoping that today's episode will encourage you to really stop and think a little bit more about wealth building in your life.

### Lisa Larter (01:11):

And wealth is really, it's not about being a millionaire or a billionaire or... You define wealth on your own terms, Alan Weiss considers wealth, discretionary time, someone else might consider wealth, a minimum of X amount in the bank. You get to define wealth. But one thing that you cannot avoid is you cannot avoid the fact that it takes money to live. And therefore, if at some point in your life, you want to work less then you have a responsibility to start thinking about and planning for your future. We've only got a couple shows left in season three on Money, Metrics, and Measurements. We've done a lot of talking about money and numbers and the myths that people buy into and the things that you should measure, et cetera, et cetera. And I



hope that by, if you've been listening to all of these episodes, that by kind of steeping you into some of that thinking, you are ready to really think about how to do I create wealth in my business and how do you create wealth unapologetically so that you don't have to feel embarrassed or ashamed by it?

**Lisa Larter (02:34):**

There's two quotes that I wrote down in preparation for this particular episode. One is "Too many people spend money they earned to buy things they don't want to impress people they don't like.", which is Will Rogers. The second is "The person who doesn't know where his next dollar is coming from usually doesn't know where his last dollar went." So, you need dollars to survive. So let's talk about how to make that happen. I know the idea of wealth building is uncomfortable and it can feel insurmountable, so we avoid it. And if you're an entrepreneur wealth building is really all about planning for your long term future. You can't afford not to think about it. I also want to encourage that when you consider wealth building it allows you to break down your number and not shrink your lifestyle. And I'm going to talk to you about what I mean by break down your number.

**Lisa Larter (03:52):**

So people always ask me like, where do you start? I don't even know how to build wealth, what should I do? And there are four things that I think are really, really important when it comes to where you need to start. And really they all fall under the same umbrella, which is really take a look at your current situation. What is your net worth? And if you don't know how to calculate your net worth, it's easy. Take out a piece of paper and write down how much money you have in all your different bank accounts, in all of your investments and how much is your home worth and all that kind of stuff. And then write out another column and write down, how much do you owe? How much credit card debt do you have? How much do you owe on your mortgage? How much do you owe in your line of credit? All of the debt that needs to be paid off and then subtract that from what you have, that's worth something. And you will find out what your net worth is.

**Lisa Larter (04:54):**

And sometimes you do that exercise and you're in the hole and sometimes you do that exercise and the number's not very big. And I know because I

started doing that exercise in my twenties. And I remember looking at the number thinking, "Oh my God, how am I ever going to change the situation?" But if you don't look at what your current situation is, if you don't actually look at what your current net worth is, then you can't change it. The second thing that you need to do is you need to figure out what is your cost of living and what is your cost of doing business?

**Lisa Larter (05:31):**

Do you really know how much money you need to live? Do you know how much money you need for your car, your rent or your mortgage, your taxes, your food, your clothing, your entertainment? Do you really have a sense of what it costs you to maintain the lifestyle you have right now? And do you really have a sense of what it costs you, what the true hard costs of running your business are? You really want to know what those numbers are because in order to improve your situation, you need to make more money than you spend. So if you don't know what it costs, then it's really hard to be able to look at what you need to make. And then the thing that you want to do is you want to look at how much debt you have. Debt is a great big fat liability. And yes, there are some situations where having debt makes sense. And we're going to talk about that.

**Lisa Larter (06:29):**

But if you have consumer debt, you've got credit card debt personally, or in your business, just because you bought stuff on your credit card and haven't paid it off, you want to know what your debt liability looks like, because one of the places that you need to start is chipping away at that debt. Because every dollar you reduce on the right side of that sheet, where you write down all the money you owe, helps you to increase the number at the bottom line. So if, for example, you have a hundred thousand dollars in assets between your home. And you have a hundred thousand dollars in the bank, but you owe 99,000. Then your net worth is a thousand. But if you reduce that 99,000 to 98, now your net worth is two thousand. So you have to understand what your debt implication or your debt liability is so that you can look at the progress you're making when you start to chip away at it.

**Lisa Larter (07:28):**

Now, when you look at your current situation and you get clinical clarity on where you're at, you now have a baseline that you can grow from. But one of

the things that you really need to do is you need to remove shame and judgment from the numbers. All right? The number is a number. It is what it is. It is your current situation. I have been in financial situations where I owed way more money than I made and I struggled to pay my bills on a monthly basis. And I had to change that in my life. So when I looked at my numbers then, it was always demoralizing to think about where I had put myself in comparison to how much I earned. So I understand that it can feel uncomfortable to do this, but let's talk about why you're doing this.

**Lisa Larter (08:26):**

You're doing this because you want to change your situation. And if you want to change your situation, then you need to know what baseline you are starting from in order to make that change. So that's what you really need to do. That's where you need to start. Figure out your net worth, figure out your cost of living, figure out how much debt you have, and figure out what your baseline is, so that you can start to grow from that baseline.

**Lisa Larter (08:54):**

All right. So the next thing you might be thinking is, "Well, that all sounds fine and dandy, Lisa, but how do you build wealth if you don't have any money?" And this is a really great question because many people are in this situation, and when they're in this situation, they don't know where to start. So there's one thing you could do. And it's really, really, really simple.

**Lisa Larter (09:17):**

You need to spend less than you bring in. That's it. Which means that you either need to find ways to earn more money, or you need to find ways to reduce your costs. You can't do that and know that you're doing it if you don't know what your baseline is. Once you find ways to earn more and you find ways to reduce costs, then what you can do is you can start to automate some forced savings and or investments so that that money is being removed from your bank account right away. So I remember years ago when I was in my reckless spending years in my twenties, when I had more debt than brains at the time I got a big fat raise, I was recruited to work for another company and I negotiated a 50% increase in pay.

**Lisa Larter (10:12):**

And before I got my first paycheck, I went to the bank and I told them to take X amount every two weeks out of my bank account towards the debt that I needed to pay off. I went to the bank and I did that automatically so that I didn't even see the money because I knew that if I left the money in my bank account, I would be faced with the emotional decision of whether to spend it or whether to put it on my debt. So sometimes automating savings or automating payments and, or investments, removing the money before you even see it is a really great way to start to change your situation. The next thing that you want to do is you want to calculate your progress regularly. You want to pay attention to your bank balance. You want to pay attention to how much debt you have.

**Lisa Larter (11:08):**

You want to pay attention to what is the equity or the value of your home? How much equity do you have in your home? That's the difference between what the house next door sold for, assuming it is the same house that you have, and how much you owe on your mortgage. That's going to tell you what your equity is. And then in your business, pay attention to what your balance sheet says your business is actually worth. When you measure those four things regularly, they're great markers for progress, because you can see if you look at your bank statement on the 30th of every month or the first of every month, you can see whether you have more money this month than you had last month at the same time. You can see whether that balance is growing or getting smaller, same thing with your debt.

**Lisa Larter (11:56):**

If you look at the balance on your credit card, the balance on your line of credit, and you can look and see from one month to the next, did it get better or did it get worse. When it comes to your home, you probably don't need to do this on a monthly basis, but maybe quarterly or twice a year, really looking at what is the equity that you have available to you in your home. Looking at the equity is important because you can leverage equity in your home to invest in other things to earn money. So you want to pay attention to that because at some point in time, if you have a sizeable chunk of money, you can use that. We used the equity in our homes to basically fund the first two businesses that my husband and I sold. And so there are ways that you can leverage equity in your home in order to generate a positive return.

### **Lisa Larter (12:48):**

And then your balance sheet will always tell you what the value of your company is. And so I am always looking at not just my P&L to see what my profit line is, but I'm always looking at what my balance sheet says. What is the actual value of my business? You want to calculate the progress on those things on a regular basis so that you are aware. Now you might be thinking all right, Lisa, you said, find ways to earn more. Easy to say, what do I just go plant a money tree in the backyard? No, but there are things that you can do. All right? You can raise your prices in the work that you do. You could take on an additional client. You could offer another service. You could ask your boss for a raise, if you still have a job.

### **Lisa Larter (13:31):**

If you have a job, you could start a side hustle. You could also do something, really, really, really simple to just learn how to sell. And that simple thing is practice selling the things that you don't need. I am a Facebook marketplace... I don't... I hate the word guru. And I'm going to say I'm a Facebook marketplace guru. My husband laughs at me because I'll say, "I'm going to put that on Facebook marketplace." And he'll say, "Nobody's going to buy that." And the next thing you know I'm negotiating over how much somebody's going to pay me for the thing that I put on marketplace. I use Facebook marketplace as a place to model for my clients that there's money everywhere. You can make money easily, if you actually look for the opportunity or you can stay stuck in your existing situation. So I'm constantly putting things on Facebook and I'm putting a price on Facebook.

### **Lisa Larter (14:19):**

And I have a rule. I actually don't care how much money I make on Facebook, but I do care that I practice asking for more, because asking for more, especially for women is not something that we have been taught to do. So if I put something on Facebook for a hundred dollars and somebody offers me 80, I will ask them for 90. I will counter. I never accept an offer that is below the price that I'm asking without countering. I have even asked somebody to come up by five bucks before, because that is a skill that helps you build wealth in your life, is learning how to negotiate, learning how to ask for more. So if you really want to build wealth, look at all the stuff you have in your house that you don't need.

### **Lisa Larter (15:07):**

Now I have a little bit of a cheat thing in my head. My cheat is if I haven't used it in over a year, or if I haven't used it in, let's say two years, I don't need it. I'm going to sell it. And I'm going to give myself permission to buy it again should I need it. Do you know how many times I've had to buy something again, because I suddenly realized I needed it? Zero. Yeah. That Kitchen Aid mixer, zero. That old, I don't know the whatever it is, anything that I've sold, I've never had to go buy it again. So start letting go of the things that you don't need, but not because I'm trying to teach you to be some minimalist, because I want you to learn how to generate income and feel confident doing at it. The next thing you can do is look at what things build wealth. So there are different ways that you can build wealth and I should probably have had a caveat at the very, very beginning of this, that I am not a financial advisor.

### **Lisa Larter (16:13):**

So I am sharing my own personal insights and wisdoms in building a business over the last 15 years and really impacting my own personal wealth. But you can invest in real estate. You can invest in private lending. You can invest in the stock market or mutual fund or RSPs, 401ks, all of that stuff. But don't invest blindly. My husband and I have invested in real estate and we've lost money. We've invested in real estate, we've made a lot of money. We've done investing in small other businesses as shareholders and lost money. We've done private lending and made money. So you have to figure out what your comfort level is when it comes to building wealth. But if you want to truly build wealth, it's not just by saving pennies. It's by looking at the opportunities to create leverage through the money that you have.

### **Lisa Larter (17:11):**

So start to think about what are some of the things that can help me to build wealth in other areas outside of my life and business. The next thing you can do is read more and learn more about money. Stop avoiding it. Okay? I'm going to give you a couple of books that I think are just fantastic. One is *The Psychology of Money*. Fantastic, fantastic book. Really, really, really recommend it. We read that book in Thought Readers, and it really... I read that book in 2021 and it really made me start thinking about my own life and what the definition of financial success meant for my husband and I, because once you get clear on what the definition of success means for you, if you

stick with that definition and you don't move the goalpost because the person the next door moved their goal post, you actually can probably attain it a lot faster than you think.

#### **Lisa Larter (18:14):**

The next book, this is a really hard one to read. It's a really big, heavy book. So you might want to listen to this on audio, but it's *Money Master the Game*. It's a Tony Robbins book. It is fantastic. And then a book that really changed my life years ago was *Rich Dad, Poor Dad*, the whole series by Robert Kiyosaki. It really changed the way that I thought about money. And I think that as a business owner and entrepreneur, if you really want to create wealth, you have to commit to learning more about more things. That's why I run Thought Readers. That's why we read interesting and different books every single month, because I want people to build their knowledge bank. Because when you build your knowledge bank, you build your bank account. So if you want to read with me, go to [thoughtreaders.com](http://thoughtreaders.com).

#### **Lisa Larter (19:09):**

The other way that we learn about money inside of my community is through the Strategy Lab. Because in the Strategy Lab, we're not afraid to talk about money. We're not afraid to talk about how to price things, how to price things for profit, what numbers you need to look at in your business, all the things that are important for entrepreneurs, when it comes to creating a successful and profitable business. If your business is not profitable, it is a hobby, it's not a business. So those are some things that you can do to learn more about money. Don't learn about money from someone that you don't aspire to be like. So if you aspire to... If you look at me as an example, we've got homes in two different countries. We have a pretty awesome lifestyle. I could work from anywhere. If that's the type of lifestyle that you aspire to have, then you should try to learn from me. But be careful when you are looking for mentors and models to learn from that, you're not buying into what I call top line marketing.

#### **Lisa Larter (20:18):**

People do things out there where they base their whole marketing on top line sales, instead of really talking about money and breaking things down. Aspiring to be like somebody who just had a hundred thousand dollars launch or a million dollar launch, doesn't tell you the true picture of their success. It

doesn't tell you how much money they kept. I'm more interested in knowing the difference between the top and the bottom line than I am the top line. Because if it cost you 110,000 to get that a hundred thousand in sales, that don't impress me much. So choose your mentors wisely, but recommit to learning about money on a regular basis, if you want to change your financial situation.

**Lisa Larter (21:03):**

And then the last thing is you need to get honest about your needs. So a couple of things you need to think about, and I know there's no magic wand, but how long do you plan on living? Honestly, I mean, I plan on living to be at least a hundred. Both of my grandmothers lived into their eighties and I have a healthier lifestyle than they did, and my great-grandmother lived into her nineties. So for me to say, I plan on living to a hundred is probably, God willing nothing crazy happens, there's probably a pretty good chance that I could do that. So when I'm thinking about my life, I need to think about how much money do I need to make it that long. And I also need to ask myself, how do I want to live later in life? Do I want to live in an apartment and eat cat food? Or do I want to live in a really, really, really nice senior's condo where I have every amenity available to me, but it costs me tens of thousand dollars a month to live there?

**Lisa Larter (22:03):**

I don't know. I don't want to eat cat food, but I know that I want my life to be okay. So you need to be honest about what you really want your life to be like. And then my dear friend, my dear listener, you have to recognize you can't have your cake and eat it too. You can't spend all your money right now and expect that you will have enough money for the future. You got to plan for the future. You've got to think about the future and you've got to set money aside for that future. You don't want to use debt for consumer goods anymore. You only need to make a decision that you do not do that. If I put something on my credit card, I pay it off right away. Don't use debt to buy stuff you can't afford to buy right now. Use debt only to bridge or leverage.

**Lisa Larter (22:58):**

That means you're using debt to get you from one situation to the next but you know the money is coming to take that off, like bridge financing. When you buy another house or use the money for leverage. When we took money

out of the equity in our home to start our business, that was using debt for leverage. So be smart about how you use debt. If you do not change your relationship with debt, you will not build wealth.

### **Lisa Larter (23:24):**

Okay. The last thing we need to talk about is you need to know your number, not your numbers, your number. What is your bottom line number for retirement? And *The Psychology of Money* goes into this. I've done this exercise with girlfriends. I've actually done this exercise with a margarita in the backyard this summer with my husband. Grab a piece of paper and write down every single thing you need money for. Write down your property taxes, write down how much it costs you to buy groceries, write down how much you want to spend on travel and entertainment. Whatever it is. I mean, my list includes a budget for wine. And in part of that budget, it includes how many really good bottles of wine I want to buy on a monthly basis. And it includes a budget to buy myself a really nice new handbag at least once a year. And it includes a price for flying business class. I am not shrinking. What I'm doing is I'm getting real and honest about how much money we need to maintain the lifestyle that we want to have in the future. Don't shrink. If anything, inflate those numbers, especially with what we're seeing about inflation right now, it's going to cost more to live in 10 years than it costs right now. Then once you know your number, you want to ask yourself how much money do you need to generate that amount of money passively in order to live?

### **Lisa Larter (24:58):**

So let me give you an example. Let's say you calculated your number and you need a hundred thousand dollars a year to live. How much money do you need to invest somewhere to generate a hundred thousand dollars a year passively? There are ways to do this. Maybe it's a million dollars and it's in private lending and you get a 10% return. That's one way you could do it. Maybe it's a million dollars that's invested in 10 rental properties that are \$10,000 a year cashflow positive. Maybe it's more than a million dollars a year that is a lower rate of return. Start to ask yourself, how can I generate this amount of money? How much money do I need? And what are the different places that I could put it in order to generate that type of return? The other thing you can consider is a reverse mortgage, for example. If your home is worth a million dollars, and let's just say, you only need \$50,000 a

year to live, you could literally draw \$50,000 a year over a 20 year period out of your home.

**Lisa Larter (26:09):**

So you just want to start thinking differently about how you want to fund the future and how you want to accumulate wealth. True freedom from my perspective is when you don't have to worry about money. When not... I'm not talking about Jeff Bezos rich, I'm just talking about having enough wealth set aside that you have the freedom to decide how much or how little you want to work. You have the freedom to decide between whether you want to buy the organic or the regular produce at the grocery store. You have the freedom to decide whether you want to go out for dinner at a restaurant or eat from home. It gives you options and choices. It does not necessarily make you happy. Money does not make you happy, but it eliminates a lot of the stress of being able to choose to do what you want in life.

**Lisa Larter (27:02):**

All right. I want to wrap up with a story and I want to give a shout out to a colleague of mine. His name is Colin Cox and the link to this article that... I'm not going to read the whole article. I'm just going to read a little bit from it is on his LinkedIn profile. If you go to the show notes, you can find this link. The article that he wrote is called "Never Ending Pursuit of Success". And it's really a story about Tony Robbins, and a man who thought he needed a billion dollars. So I'm going to read this to you. And I don't normally read my notes. So I may trip over my words a little bit. Forgive me.

**Lisa Larter (27:41):**

Tony Robbins tells an insightful story in his book, *Money Master the Game*. During one of Tony's seminars, a young man shares with Tony that the price of his dream is \$1 billion. Tony asked him what that number really meant. He broke it down to living in New York, having a private jet, having a private island where he could take his family and friends. They discussed the specifics of what it would mean to have access to a private jet and island. They discussed how the young man could meet his goals, not through full ownership but through chartering a jet and renting a private island like Richard Branson's Necker Island. The actual price of the lifestyle this young man wanted? It wasn't a billion dollars, it was 10 million. The difference between \$10 million and a billion dollars is astronomical. \$1 billion might not

be the price of your dreams. \$10 million might not even be the price of your dreams, but you may have a number that is unnecessarily higher than your actual dream life. And it may be causing you stress and anxiety.

**Lisa Larter (29:02):**

All right, that my friends is why I recommend you read these books. You do these exercises. If you really want to work through your numbers for financial security, independence, and freedom Tony Robbins has a great exercise in chapter three of his book, which will help you get more clarity. There's an exercise in *The Psychology of Money*, which is probably the size of one of the chapters in Tony's book. I don't care which book you read, but I care that you do the exercise. I care that you have a rich and rewarding life because you were brave enough to risk the journey of entrepreneurship. I want you to reap the rewards. A business does not... A business exists to generate a profit. If your business is not generating a profit, you have a hobby. You do not have a business. And I would like to see you change that. If you want my help at this, you know where to find me. But in summary, here's what I want to say.

**Lisa Larter (29:59):**

There are no shortcuts. You have to define what wealth means to you and then you have to look at the numbers and align your actions with what you want. You can't shortcut financial success. The odds of winning the lottery are way too slim of a retirement strategy. You need to be thinking about these things now, and as a business owner, you need broad expertise. And that includes money, finance, investing, and wealth building. If it feels uncomfortable, all the more reason for you to lean into these things and learn more. I promise you the more you know, the better you do, but the more you avoid, the more nothing changes, it all stays the same. So if you want to get intentional about building wealth in your life and in your business, you need to do some of these things. Otherwise, a year from now, chances are not much will have changed.

**Lisa Larter (30:56):**

All right, our next episode is How to Choose the Right Measurements of Success for Your Business. We're going to talk about KPIs, which are key performance indicators that you should be measuring in your business in order for you to really see the gains and successes that you are making in

your business. If you want to learn more about Thought Readers, you can go to [thoughtreaders.com](http://thoughtreaders.com). If want to learn



**Lisa Larter is a Business Strategist, Digital Marketing Expert, Author and Speaker.**

The Lisa Larter Group helps their clients to formulate marketing strategies that support their business goals and objectives. Lisa provides consulting & advisory services, and implementation services including social media & content management, book marketing, and website design.

more about The Strategy

Lab, go to the show notes, because I don't actually know the URL for the strategy lab because that's how organized I am. But I do know that this was a great episode and I hope it inspired you in some way to think about how you accumulate wealth in your life and business on a different level. Thank you for listening. I appreciate your time.

**Lisa Larter (31:42):**

Thank you for joining me for this episode of She Talks Business. If you enjoyed the show, you know the drill, leave us a review, tell someone about it and join the conversation on social media. Thanks for listening and until next time remember, done is always better than perfect.