

- Announcer: This is the Rich Dad Radio Show, the good news and bad news about money. Here's Robert Kiyosaki.
- Robert Kiyosaki: Hello, hello, hello, it's Robert Kiyosaki, the Rich Dad Radio Show, the good news and bad news about money. And we have a fantastic program for you, which goes right along the theme of the Rich Dad program. We always want to know why people are rich, why most people are kind of middle class, and a lot of people are getting poorer and poorer [inaudible 00:00:29].
- So our guest today is the infamous and the famous and the respected, and also reviled and hated at times, Mr. Kevin O'Leary. We're going to be talking about his book, *The Cold Hard Truth on Men, Women, and Money*. Cold hard truth. Other words, hopefully we'll be politically incorrect today, because as you and I know, there's a lot of wimpy people out there when it comes to money, they really can't handle the truth. Any comments Kim?
- Kim: Well I'm excited because Robert, you and I are huge fans of Shark Tank, and Mr. Wonderful Kevin O'Leary. And Kevin, his businesses also include O'Leary Funds an investment fund company, O'Leary Fine Wines, which is true to my heart, O'Leary Financial Group. And he also has a book, *Cold Hard Truth on Family, Kids and Money*, which is a great topic, because a lot of parents have no idea what to do with their kids when it comes to money, because they're not sure what to do with their own money. So we're going to have a fascinating show and Kevin O'Leary's going to tell it like it is.
- Robert Kiyosaki: So Kevin welcome to the program. Again, he's a billionaire investor, entrepreneur, author, and star of ABC's Shark Tank. But he's also aka Mr. Wonderful. So if I can start with that Kevin.
- Kim: Welcome to the show Kevin.
- Kevin O'Leary: Great to be here. Thank you very much.
- Kim: Thank you.
- Robert Kiyosaki: Thank you. How did you get the name Mr. Wonderful?
- Kevin O'Leary: You know, I think it came from the first year of Shark Tank and we were just starting the show out and Barbara and I were getting into some argument about something, and she said "Well aren't you just Mr. Wonderful?" And I said, "You know Barbara? Absolutely correct." And today, I thank her. The only reason she gets anywhere in America today is I bought her a new broom.
- Robert Kiyosaki: You're the best. I mean you really do balance out that panel up there, so we love your candor up there. So let me ask you, why did you write *Family, Kids, and Money*? But more importantly the [inaudible 00:02:32] the cold hard truth. What prompted you to write this book?

Kevin O'Leary:

It's the biggest problem families face. In life, the cold, hard reality of it is it's very hard to raise a family without money, and then when you have to deal with it as a problem, particularly in educating your children and making decisions as parents what to give them, what not to give them. I got so many questions on that over the years, and I finally sat down and started writing these books. And it's out of my own experience, having done things that have worked and things that haven't, that I want to share with people, because we have a big problem in America today.

If you make it so easy for your kids, my mom used to have a saying she told me, because when I graduated from college, she said, "When you graduate I'm not going to give you any more money." And she said, "The dead bird under the nest is the one that never learned how to fly." And what she was referring to, and I said to her, "That's a great [inaudible 00:03:28] mom, but I need some cash here, I don't have a job." But she cut me off and it was a tough couple of years, but I figured it out.

And I was looking at my son one day when he was 13, 14, he was a slacker in high school, and I said to him, "You know something? When you graduate I'm not going to give you any money, I'm going to do exactly to you what my mother did to me." And I don't know what happened to him, but somehow he pulled his act together. Now he's in third year of college in engineering, electrical engineering, and he's going to get a job. Because I think he faced the abyss, he thought to himself, you know this guy's not kidding. Because I think he knew his grandmother and she used to tell him all the time, "I'm going to tell your dad not to give you any money so you get a job."

So the whole idea is that you want to help children make those decisions about how they're going to fend for themselves in life because there's nothing worse or more tragic than an entitled child that feels they never have to [inaudible 00:04:21] for their own wellbeing. It's horrible in America, we see this debate about the transfer of wealth. So these books deal with that.

And lately, I've taken to teaching. This last week I was at Temple University and then Berkeley and then Harvard and MIT, Notre Dame, and I talked to these kids that are graduating about the responsibility of fending for themselves, getting jobs, and of course investing for their future.

Kim:

And so what's been the response? Because it seems like there's been a big shift towards with the millennials and Gen X and all of this, that there seems ... there is this entitled mentality. Is that what you're fighting against?

Kevin O'Leary:

I am, and you know there's a big problem in America. There's no financial literacy. We teach them about sex education, geography, math, reading.

Kim:

Exactly.

Kevin O'Leary: But we don't talk to them about debt or investing in their future. Here's a cold, hard fact, speaking of truth; the average salary in America's \$52,000. If you take 10% of that when you start your first job, I don't care what it is, you're scooping ice cream or whatever you're doing, and you start investing that, by the time you're 65, assuming you only make \$52,000 a year and the market's do what they've done for the last hundred years, give an average of about 6 or 7%, [inaudible 00:05:32] a million two in the bank. And I want people to start thinking about that.

So what I'm trying to do is to get kids to invest, and you know, I was teaching a couple of years ago and this woman put up her hand. She said, "This is all great Kevin, but I like my iPhone okay, and I want to invest in Apple. It's \$150 a share and I've got five bucks. So this is a joke, I can't even buy one share of Apple." And then it hit me. What if I could create an app, because all the kids use apps now, you know that, that you could download and let you buy a fractional share of any stock you wanted? So you could start to learn how to invest. And I did it, it's called Beanstox, you can download it on your phone. And it lets you go and start to learn about building a portfolio, whether you've got 5 bucks, 10 bucks, 20 cents, 30 cents, I don't care what you've got. If you do this, you start to learn about investing and the importance of putting a little bit aside every week. And it's worked. They are learning to invest [crosstalk 00:06:26].

Kim: That's the great thing. That's the great thing, because that's what we say, start small. But when you put a little money down, whether it's 50 cents or a dollar, your interest goes through the roof. I mean if I put \$10 down on something, I'm going to get real interested in whatever I'm spending that money on. So I think that's a great idea.

Kevin O'Leary: Yeah. What I've learned is kids relate to what they use every day, and that's their phone.

Robert Kiyosaki: That's a good point.

Kevin O'Leary: The future of how they're going to invest is going to be on their phone at 50 bucks a month or whatever it is they're going to put together. I'm proud to be part of it.

Robert Kiyosaki: So let me ask you this, as you and I know, money and logic don't often go hand in hand. Because money is an illogical subject or emotional subject for most people. So in your book, Family, Kids, and Money, the Cold Hard Truth on it, I just started cracking up because you just tell it like you always do, the way it is. And you have the five money languages. And I'll name the five characters, and I think it's these characters that prevent people from ever doing as simple as you make it, the reason they can't do it is because these other characters are running their lives.

Kim: And we all know the characters.

Robert Kiyosaki: Number one is the mooch. Number two is the spendaholic. Number three is the loafer. Number four is the thief. And number five is the meanie. So when Kim and I were going through your book, we immediately could identify the mooch. We all know that person. And the reason I love having you on the program is because at least you tell it like it is. And Kim and I were talking about it, I think every family has a mooch or two or three and all this, or a loafer or a spendaholic. These are all characters in every family. So when we're talking about it, we're [crosstalk 00:08:14].

Kevin O'Leary: Yeah. [crosstalk 00:08:14].

Robert Kiyosaki: How we avoid those people?

Kevin O'Leary: You can't, and that's when you get together for Thanksgiving, and the holidays, you're going to get all these personalities back in the pot again. I deal with a lot of different families, some very, very wealthy and some that are just trying to get going, and they're a young family starting out. Everybody seems to have the same problem about money, they don't really want to face the challenges of it. You can't avoid making family and money a single thing. In other words, money is a member of the family, you got to treat it with respect, you got to teach children about it, you got to have them understand it's not free, it doesn't grow on trees, you got to work for it.

I started teaching my kids when they were five years old what the whole thing was about. Because I try to associate time working with money, that if you don't do anything, money doesn't show up at the front door, you got to go get it, you got to work for it. So these are important philosophies, and I think addressing it as an issue around the kitchen table, talking about it every day with your kids, is very important.

I've come to realize that even immensely wealthy people come to me with their financial problems. It's amazing. I was talking to somebody that maybe is worth 2 or 300 million dollars last week in Florida, and she just got divorced, and I said to her, "Okay, you've got a big chunk of cash here, I don't know what you're doing with it and how you're going to invest it, but do you know how much money you spend?" And she didn't know.

So I sat down with her and a piece of paper, you don't even need a computer for this, and I said, "Let's figure out over the last 90 days." Because if you really want to see a spending profile of a family or a person, you don't do it for a month, you do it for three months. You take every dollar you're bringing in, no matter how you make it, even if you're getting tips, you're working in a bar or whatever, put that on one sheet over three month. And the other, you take everything you spend on, everything, I mean everything. You'd be amazed, even a wealthy woman like that, is spending her brains out, she's spending three times more money than she's bringing in. And she never even thought about that. [crosstalk 00:10:24].

- Robert Kiyosaki: Kevin, Kevin, did she earn that money or does she just spend the money?
- Kevin O'Leary: Well she's earning it from investing, she's got some stocks and bonds in her dividends and I looked at her portfolio, and she ended up with half of her husband's wealth, which was a lot, but I explained to her, "Look, your lifestyle, the way you're spending money, is going to put you in ruins in about six years. You're going to wipe out your entire net worth because you are just out of control. You got to pull it back." And the-
- Robert Kiyosaki: So Kevin, can we go into these five characters? Because like I said, when Kim and I started talking about it, we all have friends, family, and business associates, we have these people. We have this one business associate, his kid does not work. She's 30 something years old and they treat her like a little baby. And all the friends and family sit around, so she qualifies as the mooch or whatever it is.
- Kim: She's the one that'll say, "Oh let's all ..." I have a family member Kevin at Thanksgiving, and she was the one that said, "Oh, let's all get together over at the fancy brunch at the hotel." Meaning, she's not going to pay for it.
- Robert Kiyosaki: So how [crosstalk 00:11:37] as Mr. Wonderful, I call that person alligator arms, you know they never reach for the bill, but they're there to be there. How do you handle that, being Mr. Wonderful?
- Kevin O'Leary: Well you know, what happens in families is you got to tell the truth about that. You can't ... someone who's in their 30s who doesn't fend for themselves at all, is entitled, and that's probably just as much the fault of the parents, because that outcome is going to be horrific. That is going to be very bad. At some point the parents will pass, and that child will never have any experience in how to fend for themselves or how to manage their lives, it'll be a very bad outcome. This is why you have to talk about these different personalities.
- A family has the right to talk directly, intervene with members, and say, "Look, you don't pay for anything, you don't do anything, and you don't contribute anything," and that's a tough cold hard reality to have that conversation. But it's different than a friendship, this is a family. So I always encourage people to talk to each other that way when they're family members.
- And mooches are very expensive, because particularly if you're elderly now, you're in your 60s, 70s or 80s, you've got some savings you've put aside, you're getting done, you're okay, you're just making enough to live, and then all of a sudden a mooch comes back in your life and says, "I want to move into your apartment and I want you to feed me every day." That's not what you were put on the earth to do. You have children, you help them learn, you have to cash them out, they've got to fend for themselves.

The worst thing that could happen is a mooch coming back and wiping out an elderly person's savings when they have no capability of gaining it back. A mooch can go to work, and that's why I've talked about these personalities in the book.

**Robert Kiyosaki:** So Kevin, when we come back we'll be talking more about that because the thing I love about what you do on Shark Tank and what you've done in your book here, is I really do think we need a little bit more truth. But you say also, the fifth character is the meanie. And a lot of times people are afraid of being the meanie, which is the person that sits down, in this case my friend, whose kid is in their 30s, still not working, I'm afraid of being a meanie. So we come back, we'll be talking more about whether or not you should be a meanie or not.

**Announcer:** You're listening to the Rich Dad Radio Show, with Robert Kiyosaki.

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**Announcer:** Log on to [richdadradio.com](http://richdadradio.com) while you listen. Now back to Robert Kiyosaki.

**Robert Kiyosaki:** Welcome back, Robert Kiyosaki, the Rich Dad Radio Show, the good news and bad news about money. And you can listen to this Rich Dad Radio Program anytime anywhere on iTunes or Android and all of our programs are archived at [richdadradio.com](http://richdadradio.com).

Our special guest today is the Mr. Wonderful Kevin O'Leary, famous of Shark Tank, and we're talking about his book I think that every family should read, *The Cold Hard Truth on Family, Kids, and Money*. Because as Kim and I were talking about as we were going through Kevin's book, is a lot of time we're afraid to say anything, although we can already see what's happening. For example, another friend of ours, he's given his kids so much money they never have to work for the rest of their lives. They live in Hollywood, and they're the most ungrateful kids I've ever met in my whole life. But they don't know how to come back from that.

**Kim:** They've never made the money themselves.

Robert Kiyosaki: They've never made money. Kevin, all they knew how to do was charge it to the family's account. I sit there and I don't say anything. Any comments on that?

Kevin O'Leary: Well it's very difficult for you as a non family member to say anything, but you can, if the person, the father's your friend, say, "Look, this outcome has a bad ending." And it really does, because when kids just charge to an account that's up in the clouds somewhere, never even look at the balance and just assume it gets paid every month, that always ends badly, not sometimes, always. Because there comes a point when it gets cut off and they have no tools to fend for themselves. They're entitled, they haven't structured their lives to take care of themselves and bring in money and learn how to make it, and how to responsible in how it's spent and how to invest it. That's a terrible outcome.

And that's why it's very important to talk about this stuff, because it's only the parent that can talk to the child that way. Because it's very, very difficult for you as a non family member to do it. But you know it's going to end in tragedy, and often it ends in a much worse place. When people don't have any meaningful elements for their lives, they're not working, they're not achieving anything, they don't have any goals, they often really fall off the path in all kinds of ways. Alcoholism, drugs, you name it, they fall in with the bad crows. I've seen all this stuff over and over and over again. And when my kids were growing up and I started to see this [inaudible 00:17:28] occur with their friends, I was very forthright about this, that's just my nature to tell the truth, you know that about me. And I'd say to my son or daughter, "I don't want that person around our house anymore." And they'd say, "Dad, she's a friend of mine or he's a friend of mine." I'd say, "That's okay, except I own this house. You don't. When you have your own house and you've proven that you can go find and pay for one, you can invite anybody you want. But that person's not coming to my house ever." And so-

Robert Kiyosaki: So Kevin, so Kevin that brings up-

Kevin O'Leary: That's how you do it.

Robert Kiyosaki: So Kevin, that brings up number five on your list of characters; the meanie. And everybody thinks the meanie is being mean, but you have a different take on that don't you?

Kevin O'Leary: No, I do. I get a lot of that on Shark Tank, I'm the mean shark. I'm not the mean shark, I'm the only shark that tells the truth. There's nothing worse than encouraging somebody to do something that you know is going to end in tragedy. So when I see someone come on the show and they're telling me about this business that I know is worthless and going to zero and they're spending all their family's money and they're making their parents' mortgage their home for it, and it's a really bad idea, I'm the guy that says, "You know what, that's a bad idea, it's going to go to zero and you're wasting your time." I don't care if they

cry. When they get out in the real world it's going to happen to them anyways, it's going to eat them alive. I'm their bet friend.

So I think being the meanie sometimes is very important, because if the meaniness is associated with truth, I'm okay with it. It's still the truth, it's always going to be the truth. And when you tell the truth, you don't have to remember what you've said. That's an old saying from my mother. But the point is you're not being mean, you're being their best friend by making them deal with these problems.

Robert Kiyosaki: Yes, let me read a line from your book, number five the meanie, says, "The best relationships are the ones between a meanie and a meanie. I don't care who you are, where you're from, or what they're interested in, men, women or goats, what matters that you speak the same money language as the person you choose to build a life with." But the other thing that you tell the story, it's a great story, is about that college kid who raised his hand and asked you that question, he says, "I'm asking millions of dollars as a student, but my girlfriend wants to spend more time with me." And your answer I think is priceless. So would you mind restating the answer?

Kevin O'Leary: I remember that class. The specifics were he was an engineering student that was building an online service for banks to be compliant with the government, and they were buying subscription services from him. He's doing five million a year, and he said, you know, it's the end of an evening class and he put up his hand and he hadn't participated at all all night. There was about 150 people in that class, half men, half women, and he said, "I only have one question, I know we're about to break," but he told the story of that morning. His fiance came into his dorm, the guy was in fourth year, still in a dorm because he was working on his business all day long in engineering classes, all night on his business. And she says, "Listen, you have to start spending more time with my family on weekends or I am going to break up with you and we're not going to get married." And he was forlorn about this.

And I said, "Okay everybody, let's think about what's happening here. Here's a guy that's making five million dollars a year, working his tail off to become an engineer and he's already built a business while he was in his dorm, and his girlfriend doesn't like that. Which one is easier to replace? The business or the girl?"

Kim: Good for you.

Kevin O'Leary: My point was that he has the wrong partner.

Kim: Yeah.

Kevin O'Leary: She doesn't understand the journey of entrepreneurialism, she doesn't understand the work he's putting into it, he's providing for her future. They'll be



free. When you're making five million dollars and you're 20 years old, you've got something good going on there. If she doesn't get that, get a new girlfriend. Because at that time in your life, you've got to find the right partnership.

Kim: I got to say, as a woman, when I read that story, I wanted to call that girl up and say, "Are you kidding me?" Because I love that you really do support women in business, you support women investing financially smarter, and you actually said that over all the time through Shark Tank, over a decade, you said, "Not some of my returns, but all of my returns have come from the ones run by women or owned by women." And I applaud that.

Kevin O'Leary: Yeah that's true. That's true.

Kim: Why is that?

Kevin O'Leary: [crosstalk 00:21:42] over a decade. Well I'll tell you why, we've done a lot of research on it now. There's two main reasons, because I've got 44 portfolio companies and we've noticed this trend in the last five years. There's an old adage that says, "If you want something done give it to a busy mother." So time management skills in women are very good. They know how to manage their time and their employees' time. But there's another attribute that I discovered that's really interesting. If you go back in history and look at these companies' forecasts every quarter, the goals they set for sales for example, women hit their goals 95% of the time and the guys only hit their goals 65% of the time.

Now, why would that matter? Because obviously these guys are setting goals that they think are maybe achieved occasionally, and women are smarter, they're making their goals lower but achievable. So what's happening here is the companies that constantly hit their goals and everybody gets their bonus and everybody feels part of a winning team, has very low staff turnover. Whereas the guys, where everybody never hits their goals, have incredibly high staff turnover. And that's why these companies are successful or not so much, because when you lose your head of sales or your head of accounting or your head of logistics or whoever, you have to hire somebody new, it's very disruptive in a small company.

Look, I'm not trying to start gender warfare, I'd give money to a goat if I could get a return. But I'm telling you, you watch what I invest in these days, it's all teams of women who really know what they're doing.

Kim: That's fantastic.

Robert Kiyosaki: [inaudible 00:23:05] Robert Kiyosaki, the Rich Dad Radio Show, we're talking to the Mr. Wonderful Kevin O'Leary. So Kevin O'Leary, for those who may not know who Mr. Wonderful is, he's a billionaire investor, entrepreneur, author, and star of ABC Shark Tank.

- Kim: And if you haven't watched Shark Tank you should watch that show.
- Robert Kiyosaki: Oh it's educational.
- Kim: From an entrepreneur point of view and what you do to get an investor, priceless.
- Robert Kiyosaki: In 1999 Mattel acquired his software company for 4.2 not million-
- Kim: Billion.
- Robert Kiyosaki: But billion. I think if you're going to be successful in this world, we need some cold, hard truth. And I'm glad you're here, because Kim and I are pretty ... I wouldn't say we're ruthless, but we're not compassionate about money.
- Kim: Well, the one thing Kevin, that you said about, if you're not aligned, if you don't speak the same language of money. Our very first date Kevin, back in 1984, Robert said, "What do you want to do with your life?" And I said, "I want my own business." And we became business partners shortly thereafter. So the philosophy was very aligned and that made all the difference.
- Robert Kiyosaki: Kevin, she's been the rock, she's been the best for me.
- Kevin O'Leary: That's good. If you know, if you have your chance to decide early on before you marry, what your objectives are going to be for the next 30, 40 years, it's very, very important. The number one reason of divorce, number one reason hasn't changed in decades, is money issues.
- Kim: Yeah.
- Kevin O'Leary: Primarily one of the partners, either the guy or the woman, overspending against the other's income, it's just brutal. And it ends up being such a horrible outcome, because really the pillar of family success is financial freedom. That is ultimately what keeps family units together, the ability to provide for each other. And if you have someone that's off the rails on spending, that can be a big, big problem. And so if a child gets that way or one of the siblings does, or the husband or the wife, that's where the divorce comes in.
- Robert Kiyosaki: So Kevin, on your five money languages, you talk about five different people, one's the mooch, the spendaholic, the loafer. But number four is the thief. You say of all the three or all of them, that this is the worst one.
- Kevin O'Leary: It's brutal, and I've seen many cases of this. This is where a family member steals from another. Plain, violent theft. A complete breach of trust. No respect for the fact they're in the same family. I know two brothers that recently this happened to, for a large amount of money in the millions. A complete fraud. In other words, using the bond of brotherhood and stealing from your brother, is

just ... there's a special place in hell for you when you do that. And I think it is the more serious of all of these things. That's a breach of ... the covenant that families have together, good, bad, and ugly, good times, bad times, they're still blood, they're still family. When you steal from family member there's nothing lower than that.

Robert Kiyosaki: Amen. Well, when we come back I think we want to get to what everybody wants to talk to you about, is what's it like being a Shark on Shark Tank, a fabulous educational program? But the question is, is when these young entrepreneurs are pitching their product to you, I want to ask you what do you look for?

Announcer: You're listening to the Rich Dad Radio Show, with Robert Kiyosaki.

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Announcer: This is the Rich Dad Radio Show, the good news and bad news about money. Here's Robert Kiyosaki.

Robert Kiyosaki: Welcome back, Robert Kiyosaki, the Rich Dad Radio Show, the good news and bad news about money. We have infamous Kevin O'Leary, Mr. Wonderful, and we're talking about his latest book, which is fantastic. Everybody with a family should go out and get it. It's called *The Cold Hard Truth on Family, Kids, and Money*, and his other book is called *Hard Truth on Men, Women, and Money*, which is also another psychotic subject. And you can listen to the Rich Dad Radio Program anytime, anywhere on iTunes or Android, and all of our programs are archived at [richdadradio.com](http://richdadradio.com). We archive them because repetition is how we learn. So if you listen to this program again, you'll learn even more from Mr. Wonderful and his thoughts and input. But more importantly, if you have friends, family, and business associates, they should definitely listen to this program, because Kevin is talking about the truth about family, kids, and money. [crosstalk 00:28:04].

Kim: And relationships. I mean you talk about a business partnership, you talk about a lifetime partnership. I mean this is a ... money is-

Robert Kiyosaki: Partner's stealing from you.

Kim: Money is the number one thing couples fight about, and it's the number one leading reason for divorce. So you got to get money handled as for relationships.

- Robert Kiyosaki: Be truthful about it.
- Kim: For business and for personal. Got to get it handled.
- Robert Kiyosaki: So I'm going to ask Kevin a question everybody wants to know; when you're sitting there with Cuban [inaudible 00:28:30], Barbara and Herjavec, whoever they are, on the program. Course you're the biggest star of them all.
- Kim: And Daymond.
- Robert Kiyosaki: And Daymond. And when people, these entrepreneurs are pitching you the deal, what we say at Rich Dad, the product is not the most important thing. It's more important the person and the business behind the product. So when you're looking at this person pitching you the deal, what's going through your head?
- Kevin O'Leary: Well there's three things I'm looking for, because after 10 years and thousands of pitches I've learned that there's three attributes present in a pitch that's going to get financed. It doesn't necessarily determine the outcome of the business, there's other elements to that. But you'll see these three, and these are the most important, can the person explain the opportunity in 60 seconds or less? Because if it's a really good idea, it doesn't take a long time to explain what it is.
- And number two is can they explain why they're the right person to execute on the business plan? Because I much prefer to invest in the jockey than the horse. If the horse is the idea, that's great, but I want somebody who can actually execute it. A great idea with someone who can't do the execution is useless. So those two things are very important [crosstalk 00:29:42].
- Kim: Kevin, for the person, what do you look for in the person? What makes them a good jockey?
- Kevin O'Leary: Where did they come from? Why do they know something about this business? Did they work as an apprentice in the industry? Did they work for a competitor? Is it part of the family business they're involved in? Did they try it once before and fail and now learned from their mistakes? Those are all the kinds of things I'm listening to. Because I can hear a great idea and find a better manager all day long, but they have to prove to me that they're the right person to manage the business.
- And then lastly, and this is the killer, I've heard terrific ideas with great executional skills, but when I ask them about numbers they don't know anything. So if you don't know your numbers, you deserve to burn in hell in perpetuity if you've got me going on the first two. And I'll personally put you there, because you know, you have to understand the size of the market and how fast it's growing, how many competitors there are, what the gross margins

are, all that stuff. That's the language of business. And if you don't understand it, find somebody who does. Those are very, very important elements. So if you get those three together, you can start to assess what the probability of success is, and that's what matters the most.

Kim: So you bring up a really good point, and I've seen it on the show and I've seen you talk about it, in terms of you get a lot of people, they pitch their deal and they pitch their product or they pitch their service, and a lot of it deals with social responsibility. And you have a very strong take on social responsibility versus handling the business. Where does social responsibility play into a business in your opinion? Because the millennials all want to be socially responsible.

Kevin O'Leary: Sure, sure, and I understand that and get that every day. But what I explain millennials when I teach them about this is, the DNA of a business hasn't changed in a thousand years, since the Romans were trading blue dye. Number one is you have to care about your customers. Number two you have to care about your employees. And number three you have to care about your investors. And when you try and contort a business to start caring about something else other than that, you end up failing.

There's nothing wrong with being socially responsible, and the way you do that is you provide profits to your shareholders, who then take them and give to any charity they want. But if all of a sudden you try and contort your business to be a charity, it's not going to be a business anymore. Who are you serving? Because if you're not serving your customers they go away. If you're not taking care of your employees, they won't work for you. And if you don't give your money back to investors, because they took a chance on you, and they wanted and they put money in harm's way and expect a return, they won't provide any more dollars to you to build your business with.

So all of a sudden you tell me you want to save every baby whale off the coast of Florida, that's not what the business was for. You can save baby whales after you've made money for your shareholders. You can spend your profits and your portion of the dividends any way you wish, but your job in leading the business is to make sure that it works and it's profitable and it's successful. You can't solve everybody's problems with your business, you have to solve your customers' problems.

And that's a very good debate to have, because some people say, "Well, if you're socially responsible it's a form of marketing, and it makes people feel better about your products." That all makes sense, but you should recognize that charity you're providing is actually an expense to your business, and if you're going to call it marketing, it better have a return, it better get you more customers. And I think a lot of people are very confused about this.

- Robert Kiyosaki: You have these young people coming up probably 25 to 30, they just graduated from B school, from Harvard or Stanford, they have all the jargon, they can speak the language, they know the words, but is it my hallucination in what ... I notice that the whole panel of sharks go a little crazy when they're talking about things they learned in business school, but they have no real world experience of it. Is that your experience, that you can tell a person-
- Kevin O'Leary: Yeah, I mean the sharks are all self made millionaires and billionaires, so they've done it, they've run their one businesses, and they all came from different sectors of the economy and different states, and so it's tremendous amount of diversity there. But they all have one thing in common; they were once entrepreneurs that worked very hard to achieve success. And so when somebody comes in with all their BS and all the jargon and everything and they've never run a business or made any money for anybody including themselves, we don't put any weight on that. You can't BS your way through a Shark Tank presentation, because the sharks are smart, they've been there, they've already done it, and they know when they're being BSed.
- And so it gets very bad for you, and you've seen it happen many times, when if we get to a point where we can't get the truth out of somebody, that's when they're done and that's when it gets nasty. And I personally don't want to waste any more of my time. I'm there to make investments, and when I know with certainty I'm not going to put any money into that person, I want them to go back out the door. I don't want to see them again. As I like to say, they're dead to me and I want to see somebody else now.
- Robert Kiyosaki: Would you mind telling us an investment, a pitch you heard, you liked it, you invested it, but more specifically what was it that sold you on the pitch and the project?
- Kevin O'Leary: It's the person, it's the person. I mean a great idea, I don't invest in hot sauces or another cereal or something like that, because it's very hard to make money in those businesses, they're too mature. But when you come up with a great idea and you're a really good operator and you know your numbers, I tend to write a check. And above all that if you're a woman, I'm much higher on the list because I make more money with women these days than anybody. Most of my companies, all my returns have come from the ones run by women. So I tend to invest in them. But it's sort of ... my attitude, it's all about the person, it's the jockey, not the horse.
- Kim: So can you share like one of your biggest failures and one of your biggest successes that you've invested in?
- Kevin O'Leary: I've got 44 companies, I've had great successes and great failures. A great success was last month's purchase of Plated, which is a meal kit company that sends you food every month, by Albertsons grocers for 300 million. That was a Shark Tank deal, the biggest [inaudible 00:35:46] ever.

Kim: Wow, fantastic.

Kevin O'Leary: It was my deal. And a failure would be something like Toygaroo, which was the Netflix of toys, it would ship you new toys for your three year old every month. Very poor operators and they went out of business within months of getting funded. I don't know how much I lost on that, probably a quarter of a million or something. But that's the average deal size on Shark Tank. But it was made up for, for all of our successes, Wicked Good Cupcakes, Lovepop cards, Groovebook, so many hits I've had. You can't win them all, but you try and win more than 50% you do quite well.

Robert Kiyosaki: I think you're the only shark that's really adamant or you always talk about licensing. And the Rich Dad company was formed as a licensing company, simply because before I met Kim I was in the rock 'n' roll business, and I licensed The Police, [inaudible 00:36:30], Boy George, all those guys. And I realized I was on the wrong side of table, I should be the [licensor 00:36:40] not the licensee. And so when Kim and I started the Rich Dad company about 21 years ago, we started as a licensing company. But I notice that you're very high on licensing. Why is that?

Kevin O'Leary: Because a license deal provides cash every month, and I like that. The return of your capital is more important than the return on your capital when you're investing in small private companies. So I like to structure deals where I'm getting a check every month, and generally all my companies do that. So all I have to do is watch revenue, and my portion comes in [inaudible 00:37:11]. If you weigh up on the income statements, you're ahead of everybody else, and you're providing a service. And one of the reasons people want me to invest in their business is so they can say, "Kevin O'Leary's one of my investors." It helps them raise more money. But I realize that and I know I have value to them, so I'm not interested in investing along with everybody else at the same terms, I bring a lot of value by social media team, all my media presence, what I bring to the market and all that.

My attitude is look here's the deal that I'm willing to do with you, take it or leave it. And I don't negotiate, I provide a platform that's very successful. The best advertisers for me are all my companies. If someone wants me to invest I say, "Talk to some of my companies about what it's like to be part of the O'Leary portfolio, and see how that works for them." And they get a pretty good idea of what it's like, and these companies have had tremendous success, and so they do most of my advertising for me. In a way, the O'Leary umbrella helps these companies acquire more customers at a low cost, and that at the end of the day is a huge advantage they have.

Robert Kiyosaki: Amen.

Kim: So great point. And Kevin, when a lot of people they're starting a business, we have a lot of young entrepreneurs or startups and people that want to start

their own business, when do you ... as you're going along, if it's not working, if you're struggling and it's just not making money, when is the time where you have to keep pushing forward? And when do you make the decision to end it?

Kevin O'Leary: I give any business 36 months to make money or I take it behind the barn and shoot it. That's it. It's not a business after three years, it's not made money, it's a hobby, and I have no interest in another hobby. So I'm done with it. You have three years. And that's a long time. If you can't figure that out, you never had a business in the first place.

Robert Kiyosaki: So Kevin, Kim and I want to thank you and the world wants to thank you for your forthrightness, and I appreciate it because we need more people like you who are talking about the cold, hard truth. Especially on family, kids, and money, and men, women, and money. So thank you very much.

Kim: Thank you. Hey, and I heard a rumor you were thinking of getting into politics in Canada. Are you going to do that?

Kevin O'Leary: I was thinking of running for Prime Minister, because I'm both Irish and Canadian, and I thought, you know, maybe, we'll see.

Kim: That could be fun.

Kevin O'Leary: I've always been interested in the ... yes, it's very interesting and I've got a lot of people encouraging me to do it, so we'll see what happens.

Kim: Great. Well we're not Canadian but we'll support you.

Kevin O'Leary: [crosstalk 00:39:32] Ireland and do the same ... maybe I could be a leprechaun over in Ireland. [inaudible 00:39:36].

Robert Kiyosaki: Well best of luck to you.

Kim: Thanks Kevin.

Robert Kiyosaki: Keep up the good work Kevin.

Kim: Thank you. You're the best.

Kevin O'Leary: Take care, thanks.

Robert Kiyosaki: Thank you very much.

Kim: Okay, bye bye.

Robert Kiyosaki: When we come back we'll go into the next part, very popular part of our program. It's Ask Robert.



- Announcer: You're listening to the Rich Dad Radio Show, with Robert Kiyosaki.
- Speaker 6: Do you own an LLC or LP? Are you aware of the new rules? The IRS has mandated new audit rules that require every LLC operating agreement and LP limited partnership agreement, be amended. This dramatic requirement has never before been experienced, and changes must be made by December 31st. Corporate Direct, owned by Rich Dad advisor Garrett Sutton, can guide you through these new rules. Call 800-600-1760, that's 800-600-1760, or visit [corporatedirect.com](http://corporatedirect.com). Contact Corporate Direct today to stay in IRS compliance.
- Speaker 5: Robert Kiyosaki's Rich Dad advisors have a great gift for you. Visit [richdadadvisors.com](http://richdadadvisors.com) and receive five free reports on business and investing success. Five free reports that can help you right now. And while there, check out the author's choice audio series. Audio is a great way to learn. And for as little as 99 cents, you can download key chapters from all the Rich Dad advisor books. You can listen to the Myths and Magic of Real Estate Investing, Seven Steps to Limited Liability, The Four Pillars of Investing, Team Code of Honor, or The Psychology of Debt, among other great audios.
- For pennies, you can power up your skills for getting out of the rat race. So please visit [richdadadvisors.com](http://richdadadvisors.com) for your five free reports, and your powerful and affordable audio chapters. That's [richdadadvisors.com](http://richdadadvisors.com) for great information that can help you right now.
- Announcer: Your financial education continues. Now back to Robert Kiyosaki and the Rich Dad Radio Show.
- Robert Kiyosaki: Welcome back, Robert Kiyosaki, the Rich Dad Radio Show, the good news and bad news about money. As Kim will know and many of my friends know, that telling people the truth can get you a lot of trouble. It's not so much the truth, but how you say it. And being a former marine, lot of people aren't, and they really can't handle it.
- So that's why we're very happy to have had Kevin O'Leary on promoting his books. The Cold Hard Truth on Family, Kids, and Money, and his other book is Cold Hard Truth on Men, Women, and Money, which as he said it, there's a lot of BS in there. Lots of BS. Especially at the day when you're going to be politically correct, you'd better not say anything. So I want to thank Kevin O'Leary, Mr. Wonderful, he's a billionaire investor, entrepreneur, author, star of ABC Shark Tank. I love him, he's a fantastic guy, because he's pretty blunt. And his website is [kevinoleary.com](http://kevinoleary.com). And again his books, Cold Hard Truth on Family, Kids, and Money, please get it.
- I'm still laughing about it because there's a part of the book I read, but it's five types of people, one is the mooch, and if you think about it for a while you all know one. Alligator arms, they never pick up the tab, but they're always there to

party. The spendaholic. We all know one of those guys, and I fall in that category.

Kim: And kids.

Robert Kiyosaki: The loafer. Okay god, oh mighty, he's-

Kim: That's the one that moves back in with mom and dad after they're in their 30s.

Robert Kiyosaki: There's a lot of those guys around. Sometimes you work with them. We all know what I'm talking about.

The thief is somebody who'll steal from family or their business partners.

Kim: And you know what he says about-

Robert Kiyosaki: Kim and I know those guys too.

Kim: Yeah.

Robert Kiyosaki: [inaudible 00:43:17].

Kim: But he says, what happens with the thief is, let's say it's the guy, and all of a sudden that stigma goes to the wife and the kids, and I think of Bernie Madoff. I mean those kids, I mean one kid committed suicide, his wife was now ostracized by everybody. So it's horrible, horrible.

Robert Kiyosaki: Yep. It's one thing for the individual to take the hit, but the family takes the hit also. So that's why what he's talking about here is crucial, important stuff. But the fifth one is the meanie, it's one that Kim and I like, is what matters that you speak the same language of money. And that's how you build a life together as husband and wife, man and woman, whatever the case is. And there's so many different marriages that Kim and I see, the husband and wife do not speak the same language of money, and it's horrifying. It's horrifying.

Kevin was talking about one woman who split 300 million dollars, I guess 150 million dollars, question is did she earn it or not earn it? You know. If she didn't earn it, she's desperate, because it's probably going to be gone in a little while.

Kim: And she probably has very little to no financial literacy, so she doesn't know what to do with it once she gets it, and that's a bigger problem.

Robert Kiyosaki: And as Kevin said during the break, she got very attractive.

Kim: Of course everybody wants to leech onto that 150 million.

- Robert Kiyosaki: Kevin says she's still young and attractive, but 150 million makes her even more attractive. And if she's still hurting from the divorce, because the old man ran off with a 27 year old, which is a pretty common story.
- Kim: Yeah. And when he talks about the meanie, because when I saw that headline I'm like where's the good guy? And it's not that the meanie's a bad guy, it's the meanie, he says is a balanced spender, has a healthy approach to saving and investing money, knows how to set a budget. Instant gratification is put aside for things, so that they can have the financial life they want. It's more the practical common sense approach to money.
- Robert Kiyosaki: Yeah. I don't think it's being mean, I think it's being-
- Kim: No it's not being mean.
- Robert Kiyosaki: Realistic. And people today can't handle the truth. We sit around trying to pretend to be politically correct, I don't get it. As a former marine, I don't get it, I really don't get it. If the person's hurting in the marine corp, you kick them, and they get stronger or get them out. It's that fast. That's the truth. As a marine, that's how I look at things.
- So I don't hang around people who are liabilities, they go, "Oh you're so mean." But Kim and I have many, many friends with kids who are so screwed up because they know they never have to work. Their parents set up a trust for them, and they're really proud of it. Our friends in LA, Hollywood, they're so proud of it. "Our daughters know they never have to work for the rest of their lives."
- Kim: What a crippling ... that's crippling.
- Robert Kiyosaki: And these daughters are drop dead gorgeous.
- Kim: No, but I think-
- Robert Kiyosaki: All they know how to do is spend money.
- Kim: Yeah.
- Robert Kiyosaki: Oh my god.
- Kim: No, I think one of ... and we don't have kids, so I'm going to say we don't have kids, but I think one of the most important things you can do is teach your children how to take care of themselves financially, fend for themselves, build their own life, not live off of mom and dad. That to me, is crippling. That's crippling.

Robert Kiyosaki: So get Kevin's book, Family, Kids, and Money, The Cold Hard Truth on Family, Kids, and Money. It's like Kim, she had to pay for her college education. My old man said the same thing to me, he says, "I'm not paying for your college education." Those were the best things that ever happened to us, because we had to find a way to get through college without daddy's help.

So once again I thank Kevin O'Leary, Mr. Wonderful, and you can submit your questions now to askrobert@richdadradio.com. And this is where many people get the cold hard truth. First question Melissa.

Melissa: Our first question today come from Parker in Tennessee. Favorite book, Cashflow Quadrant. How do you prepare for the crash and thrive off of it? What are the proper steps and correct actions that you think need to be taken for the coming future?

Robert Kiyosaki: Well, that's a great question, but the cold, hard truth is you'd better grow up. Look, everything goes up and everything comes down. There's a birth and there's always a death. Now the span is different, so every death is a birth. So every market goes up, like right now everybody's talking about bitcoin and all that, and Kim and I ... I finally bit the bullet and I [inaudible 00:47:39] I'd better figure this thing out. So I just put a few dollars into it, but I'm going to watch it knowing it's a bubble, knowing it's going to crash.

But the same thing with real estate. Kim and I, in 2005, as I've said many times on this program, when the checkout girl at Safeway hands you her business card, you know it's going to crash. There's always signs, because crashes always come in when idiots are in the market. So anytime you see idiots in the market you know it's going to crash. Why pretend? Comments Kim.

Kim: Yeah, and everybody has different opinions of what's going to happen and what you should do. We just had David Stockman on the show recently, so I would recommend you listen to the podcast on David Stockman, because he's saying number one, get out of the stock market, have gold, have cash. That's his opinion. He's a pretty smart guy. So I would start listening to all these different people and form your own opinion of what's going to work best for you.

Robert Kiyosaki: Yeah, and Kevin likes stocks and mutual funds and ETFs, I personally don't like them.

Kim: And wine.

Robert Kiyosaki: But there's a reason I don't like them, is because I can beat the returns all day long. Now if you can't beat a 2% return, well then you should invest in stocks, bonds, and mutual funds. You know? So it all depends upon you, but the reality is everything booms and everything busts.

I personally, I agree with David Stockman, the budget director under Ronald Reagan, we're going into the biggest bust we've ever seen on planet earth. So instead of being afraid of it, I'm pretty excited about it, because it's going to be exciting. So that's why you want cash, because let's call it short squeezes. A short squeeze is if somebody has to sell something that's liquid because he's holding out something illiquid. A lot of times real estate is illiquid, but stocks and bonds are liquid. So they're going to dump what they can sell fast, like gold and silver is liquid, they're going to sell that fast. And that's where the bargains come, is when prices come down. As long as you know the true intrinsic value of something, buy it. The same as bitcoin or all cyber currencies. If you're going to invest in it, study it. You've got to know what's real and what's fake. Next question Melissa.

Melissa: Your next question comes from Brian in Fort Worth, Texas. Favorite book Rich Dad Poor Dad. He says, "As an entrepreneur, I'm four years into my business and starting to really see some profitability. Where is the first place you would start to invest, beyond reinvesting in the business, which we already do?"

Robert Kiyosaki: That's a great question.

Kim: [crosstalk 00:50:11] question.

Robert Kiyosaki: But I think you should have read Rich Dad Poor Dad a little earlier. Because in Rich Dad Poor Dad and in my latest book Why the Rich Are Getting Richer, Kim and I follow the McDonald's formula. Now there's been a ... Kevin O'Leary has his formula, and Trump has his formula. Trump and I follow the same formula basically. But our business is real estate. What Ray Kroc says, "I'm not in the business of hamburgers, McDonald's is a real estate company." So that's why in 1973 I started studying real estate. When Kim and I met, that's what she started investing is real estate. Today, businesses go up and go down, we have our wins and our losses. But real estate keeps pumping cashflow, plus we get tax breaks, plus we use debt.

Now, if you're going to do that you'd better take courses from Rich Dad Education or Rich Dad's Coaching, because what we do, the average person cannot do, and they should not do. But the only reason you want to go ... for Kim and I, the only business we went into business, is to buy real estate. Right?

Kim: Yeah, I mean kudos to Brian because he is using the formula that we use, which is we built our business and we made sure that the business was strong, and then with the profits and the cashflow from the business, then we started investing in real estate. So kudos to-

Robert Kiyosaki: I actually started in real estate.

Kim: Well you started in real estate before that, but that is the formula is you build your business, you get that healthy, and the cashflow from that then goes into

your investments. So just what you're saying, he needs to figure out what investments are best for him.

Robert Kiyosaki: Yeah, and it's in *Why the Rich are Getting Richer*, just came out. Plus *Why the Rich are Getting Richer*, there's 10 videos on Rich Dad TV, and you can learn from real teachers because my problem with the world today, lot of fake teachers out there. Fake teacher is somebody who teaches you to do something they don't do. So the most important thing is be careful who you learn from, who your teachers are, and find the formula that works for you.

I was talking to my friend this morning, and he invested in bitcoin a long time ago, and he's just an investor. He says, "I didn't know much about it," but now he's made millions and millions and millions and millions. He was just there, but he's in the market all the time looking for new investments. Most people are sound asleep at the wheel, hoping that somebody will take care of them, like the mooch.

Next question Melissa.

Melissa: Our next question comes from Kimberley in New York. Favorite book, *Rich Dad Guide to Investing*. She says, what is your advice for a 21 year old with limited investing experience, that is looking to put to work the limited amount of savings that she's accumulated thus far?

Robert Kiyosaki: That's a great question, but again that answer depends upon you, and the most important thing you ask in the question. But I've always said it, because what I sell is investment education. So there's *Rich Dad Education* and *Rich Dad Coaching*. But there's a lot of other people selling this investment. You like stocks, invest in financial education on stocks. You like bitcoin, Khan Academy has courses on bitcoin. But you've got to get educated first, right Kim?

Kim: Yeah absolutely. I mean that's always step number one and then step number two is, as Kimberley was saying, she has a little bit of money, so put a little bit of money down. Go out and buy a one ounce silver coin because that'll get your interest in your education up about silver. Kevin O'Leary talked about his new app *Beanstock* where you can invest like \$5 in a fraction of a stock. Just putting a little money down, your interest in that subject will skyrocket.

Robert Kiyosaki: So once again, I thank Kevin O'Leary, and you can submit your questions to [askrobert@richdaddradio.com](mailto:askrobert@richdaddradio.com), and most importantly, thank you all for listening to this program.