

A circular logo with a gold border and a black center. The text 'VFO INNER CIRCLE' is written in gold, uppercase letters inside the circle. The background of the entire page is a dark, textured pattern of hexagons.

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SPECIAL REPORT

***DO YOU HAVE WHAT IT TAKES
TO CREATE SIGNIFICANT WEALTH?***



ENTREPRENEURIAL INSIGHTS

Do You Have What It Takes To Create Significant Wealth?



KEY TAKEAWAYS

- A commitment to achieving great results is crucial.
- A strong business model must be in place.
- The right team—including a wealth manager—is essential.

As a business owner, you're probably well aware that entrepreneurship is one of the best ways—perhaps even the single most effective way—to become a multimillionaire. A glance at the Forbes 400 list every year reveals that the world's wealthiest—names like Bezos, Gates and Ellison—are typically self-made entrepreneurs.

While this says volumes about the link that can exist between business ownership and personal wealth creation, it is important to recognize that most entrepreneurs never end up becoming extremely wealthy or building enormous personal fortunes.

An obvious question, then, is: What are the best practices of those entrepreneurs who do become wealthy and highly successful?

We find that four factors tend to stand out among the many traits we see in wealthy business owners:

- Their commitment to achieve
- The quality of their business model
- Their ability to build strong relationships
- Their willingness to engage elite wealth planners

All these factors are important, and they all interconnect and help to reinforce each other. Let us take a closer look at each of them.

Success factor #1: Commitment to achieve

If you want to build a successful business, you have to be willing and able to dedicate yourself to the task. You will need to be highly motivated even when—especially when—things are not going your way. Persistence in the face of adversity is often challenging even for intelligent and driven people. You also must be willing to make trade-offs—sacrificing some things you want or need in order to get other results you decide are even more important.

By and large, entrepreneurs who have become very wealthy have a clear sense that, along with making their companies great, they need to pursue significant personal wealth outside of their businesses. We find that the most successful business owners are not motivated primarily by the idea of money for money's sake. Instead, they seem to care about what greater affluence can better empower them to do. That might mean taking care of loved ones, supporting charities and organizations they care about, and—in some cases—helping to directly change the world for the better.

Of course, the commitment to achieve needs to be operationalized. It is not enough to say you want a great business or to say you want to be wealthy. The most successful entrepreneurs are very good about setting goals. For example, when it comes to personal wealth, they specify how much wealth they need. The wealth target can change, of course—and it commonly does as they approach it—but having the number in place proves helpful in defining success.

Important: You can have a good business and a great life without becoming a multimillionaire. For example, you might start a business with modest goals and end up becoming more successful than you ever imagined you'd be. However, it is much more the norm for wealthy entrepreneurs to be very intent on building up their companies and becoming seriously affluent.



Success factor #2: The business model

For any company to do well, it has to have a business model that is on target. The company has to do what it does better than competitors, or it has to disrupt the status quo in some way. Coming up with an innovation that changes the game is very powerful—and also very rare. It certainly happens, but it is not the way most entrepreneurs become wealthy. When the innovation does flip the game board, however, it creates a way for entrepreneurs to become extremely wealthy. The odds are long, but the rewards can be spectacular.

More typically, the business model involves doing something other people and other firms are already doing but, in some way or another, doing it better. That can mean being more efficient, being more cost-effective, tapping into previously untapped customer bases and so forth. A business that sells commonly offered products but also offers superior service may have a winning business model, for example. Doing better proves to be the most pervasive type of business model.

The business model is what most people notice when they examine a company. It's what investors often strongly emphasize when deciding whether to back a venture. Without a solid business model, there is very little possibility of becoming wealthy.

Success factor #3: Powerful relationships

A great business model and a deep commitment aren't enough, however. To build a great company, you need a great team—no entrepreneur can achieve big success all alone.

Having a team on your side that is putting forth a tremendous effort to make the company great starts with you winning them over. This translates into them believing in you and your vision for the company, and it helps you build powerful relationships with each team member.

Building powerful relationships does not stop with your team, however. It extends to everyone who can make your company more successful. You will be well served if you have powerful relationships with your investors, your suppliers and your vendors.

The best way we know to build those powerful relationships is by concentrating on the self-interests of your business associates. While you might be deeply enamored with the industry-disrupting technology your company is developing, your investors may be primarily focused on their expected investment returns. To build powerful relationships with these investors, it is wise to emphasize their likely investment returns.

Many of the most accomplished, wealthiest entrepreneurs are finely attuned to the self-interests of the people they deal with. Consequently, these business owners make concerted efforts to show others how their contributions to the success of the company will help them achieve their own goals.



Success factor #4: Engagement with elite wealth planners

It's telling that you can build a successful company and still not become wealthy. Amassing a substantial personal fortune often requires paying attention to the ways to legally mitigate or eliminate taxes—including income taxes, capital gains taxes and estate taxes.

A diverse set of effectual tax-oriented strategies and solutions—that you can use while you are running your company, when you sell your company and after a sale—can potentially make you meaningfully wealthier. Too often, however, entrepreneurs look to reduce taxes only when they sell—missing tax-saving opportunities along the way.

To get optimal results, however, you will likely need to enlist the help of an elite wealth planner—a professional advisor with superior technical expertise and an ability to deliver a diverse range of legal and financial strategies relevant to business owners. The fact is, tax strategies for businesses and business owners can be complex and a bit of a minefield to navigate without help. We rarely if ever see highly successful entrepreneurs doing their own tax mitigation planning and implementation.

In addition, elite wealth planners deeply focus on the human element—the priorities, aspirations, relationships and values of their clients. These concerns are important factors when assessing various tax-related strategies.

Finally, elite wealth planners can potentially help address a crucial concern that is too often ignored by all but the most successful business owners we see: accumulating personal wealth outside of a business. When entrepreneurs build significant personal wealth, they can diversify away from the single-company risk they face as business owners—potentially giving them greater financial security and flexibility than they might enjoy otherwise.

Significant entrepreneurial wealth

If one of the things you want in life is to become rich—seriously rich—the most likely way to attain this goal is by being entrepreneurial. But simply owning a business is insufficient. That business has to be extremely successful—which will result largely from your commitment, your business model and the nature of your business relationships.

With a successful business powering you along the path to wealth, you will likely also need the talents of an elite wealth planner. This professional can help you navigate the tax code as it relates to aspects of your business and your personal finances.

The upshot: If you position yourself with the right attitudes, resources and tools, you can put yourself on a road to generating the wealth you want and need in order to have an impact—on your family, and on the world.



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