

Easy Wealth Building For Fitness Professionals

Jim Labadie (JL): Hi everyone, this is Jim Labadie here today with the one and only Pat Rigsby. And we are going to be talking about easy wealth building for fitness professionals. Pat – how are you today?

Pat Rigsby (PR): I am terrific, and this is certainly I know one of our favorite topics, so I'm excited to spend some time sharing some insights and some thoughts with our fellow fitness professionals.

JL: I definitely am as people probably know – you and I are very big fans of money – we're not going to deny it. And we are very big fans of building wealth with the money that you earn. Just a quick disclaimer – as you probably know, Pat and I are not CPA certified financial planners. We are just going to give you some basic tips and things like that you know, if you want very structured advice, we recommend you work with qualified professionals, but this will give you a very, very good idea of what you should be doing or looking to be doing with your money in regards to building wealth. It's not just creating a business so you have that 6-figure income – it's you have a 6-figure income, so you build 7 and 8-figure wealth. Am I right, Pat, or am I right?

PR: You are absolutely correct, and you know we've kind of got a multi-faceted plan here. We want to talk to you for a little bit about how fitness professionals think about money first and foremost, but then later on during the call, shift gears and give you a plan for starting to build wealth and starting to really take action on the new beliefs that we hope that you'll be leaving this call with. You know, a lot of times people put products or information out there, but they don't give you a workable plan, and for you to truly change directions and think about building wealth as a fitness professional, we felt like it was important that you have some action steps and the guidance and tools necessary to start moving forward on this. So, we're going to cover a lot of information during this call, and I think you're going to be very pleased with what you learn.

JL: Absolutely, so let's get it started, Pat. We are first going to talk about belief systems surrounding money. We're just going to touch on this real quick. So, would you like to get started – just your thoughts? Because this is something I've talked about for years – you know, personal trainers typically have very negative beliefs surrounding money, as I think most people do. But I think personal trainers really do because everybody gets into this industry for one reason – because they want to help people, which is terrific, but why don't we do it for two reasons? Number one to help people, number two to get really, really rich. And knowing that it's okay to do both is really what is going to allow you to become wealthy.

PR: Yeah, the two are not mutually exclusive, and in fact, I mean, in all honesty, embracing the mindset that the more that you make, the more people you can help, should go a long way in changing your belief system. As a whole, and I noticed this very quickly when I came into the fitness industry full time probably about a decade ago, most fitness professionals – they kind of felt like the business side of being a fitness professional was something far removed from what they wanted to be involved with, and money was dirty or they didn't want to seem corporate. They were more interested in doing good, helping people, and you pretty much had to – you had

to be on one side of the fence or the other – either you were in this to make a significant amount of money, OR you were in this to help people, and there was no real way to do both simultaneously. And, you know, that probably is in my opinion the number one reason fitness professionals really struggle with money, because they just don't – they don't have what I would call right thinking about it. So, Jim, do you want to go ahead and expound on that, because I know that you're big on belief systems?

JL: Yeah. Your beliefs are going to create your habits, and your habits are going to create results, basically. And I've preached about this for a long time –it's the stuff that nobody wants to do. Nobody wants to take an hour to go for a walk, get outside in nature and just think about things regarding money. Now, I learned this from Randy Gage, and what I would recommend everybody do is – I love the Millionaire Messiah, Randy Gage – randygage.com – and pick up, he's got 5 little books on prosperity – like 100 pages each. I'm trying to think – they're, I think you get all 5 for like 30 bucks or something like that. You'll read them in a day, and you'll absolutely love them. And one of things he always talks about is programming beliefs around money, and how we're programmed basically to be poor – between religion, government, the media, everybody else that you talk to – you're just inundated with lack programming and lack mentality. Here's a “for instance”: say somebody runs what would typically be a not-for-profit – somebody runs a charity. And say somebody is incredibly good at raising money. Say they raised a hundred million dollars for whatever your favorite cause is – could be cancer, diabetes, MS, whatever – it doesn't matter. You know, think about that. They raise 100 million dollars – this person who runs this company that basically fund raises. Now, why can't that person who's so incredibly good at that job take like a million dollar salary? Now, if you automatically go “oh my God, I can't believe – how can somebody who's raising money for a charity make 7 figures!” If that strikes you as a negative thing, you are filled with lack programming, and you are filled with negative beliefs around money. Now, if somebody can create that much money – and I'm not talking about a scam artist who just collects millions of dollars and pockets all of it – I'm talking somebody who takes a salary but does an amazing job of raising funds. Why couldn't that person take a 7 figure salary if he's got a 9 figure business that raises money for a cause – for research? Now, I think that was one of the most incredible points I'd ever seen him make. And it really got me to thinking about my beliefs about money. You know – there is an abundance of everything. The people who work the hardest – the people who create the most are the ones who are going to be rewarded, and that's just the way this is supposed to work. So, that is a question that you should really ask yourself about the charity issue. You know, would you have a problem with that? And if you do, I personally believe you are filled with lack programming and negative beliefs surrounding money. We need to start taking some time to think about your beliefs around money – what were the things that you heard growing up? “Money doesn't grow on trees.” “What, do you think we're made of money?” “Rich people are evil.” “We might be broke, but at least we're honest” – those kinds of things. If you're surrounded by people all of your life that have that kind of mentality, that you have to be doing bad things to be getting rich, then you're filled with lack programming, and you will literally repel money. You know, you'll be taking action, you'll be working on your business, but you'll be doing everything you possibly can to keep from becoming successful; OR, some people make great deals of money, and then they do an incredible job of losing it all, because – it's kind of like T. Harv Eker – it's T. Harv Eker who has like the lost thermostat, right Pat?

PR: Yeah.

JL: It's your ability to not only receive money into your life but to keep it. You know, if you're not keeping and growing your money and growing your wealth, then you have negative beliefs surrounding money. And again, something to – I should say something to point out first is this is all on a subconscious level – a lot of things that you're doing – your beliefs are guiding your subconscious the things that you're doing without you even realizing it. Most people are living unconscious. They're just doing things based on – that are created by their deep-seeded beliefs. So the very first thing you do is acknowledge these beliefs. It's almost like Alcoholics Anonymous – you have to acknowledge that you have negative beliefs around money. I'm not saying you do, but if you do, you have to acknowledge that. And you constantly have to be conscious of the things that you are doing and what you're thinking, and the actions that you are choosing. That's really how you correct this. People will ask me – they'll say, ok, well I know I have negative beliefs surrounding money – how do I fix it? Very simply, you stay as conscious as you possibly can when you're doing something – look at your day, what actions did you take in regards to making money? Now, you may have been working all day, but did you actually get anything accomplished? If you're one of those people who has a million projects but never gets anything done, you probably have negative beliefs around money, because you're not doing anything that gets you anywhere – you're just keeping yourself at a level – you know, you're keeping yourself at the same level. But, you're taking all – you're doing all of this work, you're running all of those press releases, you're writing all of those articles, you know, you've got all of these e-books that you're working on, you're filming another DVD, but guess what – you never get any of them done. None of them ever get, you know, none of them ever go online for sale, or you never do any of the marketing, and you look well I've been busy, I've been trying this or that, but you've never really accomplished anything that actually makes money. So, again, I could talk about this for hours and hours, so Pat, why don't you cut me off and yeah, throw your 2 cents in or tell me I'm crazy.

PR: No, what you're saying is one hundred percent correct. And, I think that a good exercise for each person listening in would be to stop for a moment and think about the main reason why they're not earning more money or why fitness professionals as a whole in our industry don't make more money. Give it some thought. Really kind of step back and come to grips with this. And like Jim said, acknowledge it – it's a lot like Alcoholics Anonymous in that regard – you know, it starts with accepting that there's a need for a change. And then once you've done that, you need to kind of shift gears once you've decided that you're going to change your belief systems and you're going to start educating yourself, and the Randy Gage recourses are a wonderful tool for that. But, once you've started to kind of reprogram your mindset, you need to set a financial goal. You need to do what you would do with any other project in life. I mean, if you were going to do anything else, you'd set a specific goal. You just don't want to spend each day spinning your wheels, treading water, and not be moving closer to where you want to be. So, you need to take some time and decide exactly how much wealth you want to have. And then back away from that just a little bit and decide how much money that you want to make over the next 12 months. I mean, this is the perfect time to talk about this, because we're coming up on 2009, so over the next 12 months, how much money do you want to make? And set something very specific, and write it down. I mean, we've all learned about goal setting and goals that you write down you're far more likely to achieve, so be very specific, write down how much money

you want to make, and internalize that. Make that part of what you're doing as a business person. Because from this point forward, when you're making business choices, and when you're going about the way that you run your studio or your bootcamp or whatever type of fitness business that you operate, you know, it needs to be tied to that goal. You need to think in terms of that big picture goal. Jim, anything you'd like to add to that?

JL: I just wanted to add I think you're spot on with the fact that we're coming into '09 and this is just the perfect time to do it. I mean, it's going to be the holidays, it's going to be a little bit slow, so this is the perfect time to get your stuff together and set these goals. It really is. And there's also great validity to writing them down – taking – not typing them down but literally taking out a pen and piece of paper and writing them down. You've read the book Influence, right Pat?

PR: Yes.

JL: There's a part I cannot remember right now that talks specifically about – there's a psychological reason, there's a proven researched reason why writing things down has a powerful affect on your mind and your subconscious. I don't know if you can remember off hand, but I do remember reading it, and anyway the point is – it is proven to help in goal achievement – actually writing things out by hand what your goals are. So, make sure that you do that on the worksheets we provide.

PR: Very cool. So, before we start getting into – and I'm glad you touched on worksheets, because we will have an “action plan” as we kind of delve into this a little bit deeper. But, I want to take a couple minutes here and talk about the differences between people with a wealth mentality and people with that lack mentality or the poverty mindset. So, we'll touch on these for a couple of minutes and then we'll start transitioning into kind of your workable plan. So, the first real difference, and this is something that I see constantly within the fitness industry and pretty much everywhere else, especially in an economic environment like the one that we're in now, you know, financially successful people or wealthy people focus on the upside of opportunities or they see opportunities. The people that are financially unsuccessful – the people that have that poverty mindset – focus on the downside of everything. And the wording that I always use in this, and I've used this from my coaching career all the way forward, is people – successful people see opportunities and solutions whereas people who are unsuccessful just see problems. And you know, you need to think about which side of the fence you fall on and why, because frankly, this current economy is a wonderful example. In every recent economic downturn there have been literally hundreds of thousands of people to get incredibly rich by seeing the opportunities that the economic environment presented. But through the media and from what you'll probably hear from some of the local small business owners or whatever else, the economy is just a tragedy, and it's what's holding you back and you're lucky to survive if you can – if you can make it through until we see “better times.” But, you know, there are going to be just like in every economic downturn in the past – there are going to be countless people that become millionaires and billionaires even because they saw the opportunity in the changing landscape. So, Jim, before we move onto number 2, anything you'd like to add to that?

JL: Yes, I would love to. I was watching “The Big Idea” with Donny Deutsch a couple of weeks ago and you know Jim Cramer – the Mad Money guy? Even he was on The Big Idea boo-hooing

and crying about the economy and the sky is falling – you know. And I was just looking at it and I was like Jim Cramer is even saying this? You know, Prograde had a record month! We're doing – every business that we're involved with is going great. Bootcamp Blueprint members are tearing it up. It just – I'm not saying things are perfect by any means, I'm not out of my mind, but you can't listen to other people. You just can't listen to anybody who's affected by this. You have to – that's why one of the things is you have to surround yourself with like-minded people – that's why you should definitely be a member of personaltraineru.com – you're surrounded by hundreds and hundreds of entrepreneurial fitness professionals who as Zach Even-esh would say are “killing it” right now. We don't let people who are negative on that forum. In fact, we've kicked people off. Pat kicked one off because he was a nightmare – he was boo-hooing. If everybody else is doing great and this person isn't – we've got hundreds of people who are doing amazing things and 1 guy isn't, so I mean, I think that tells you a lot right there. If you surround yourself with the right people, your attitude is going to change immensely in regards to what's possible. And Pat you're also just absolutely right – this is when fortunes are made – when economic times are tough, this is when the rich get richer and the really intelligent people – the ones who don't listen to as Randy Gage calls them the “heard” – this is when people get really, really wealthy. Because now is the time to be looking for the incredible opportunities that are out there, because they are most certainly out there – no doubt about that. So, what is next, Pat?

PR: Well, the second difference in mentality that I see is – wealthy people focus on what they want and the people with that poverty mindset focus on what they don't want. To kind of use a coaching analogy again, you know, you see it all the time – instead of a baseball coach telling the pitcher to go out there and strike out the next batter, or throw a ground ball double play, instead the coach would say something like “don't walk this guy,” “don't leave the ball over the middle of the plate.” And they're focusing on what they don't want, and invariably, the pitcher – that's what resonates in their mind – they're in this very negative defensive mindset from that point forward. And you know, it holds more true in business than anywhere else. I mean, if you're focused on how can we not lose our customers, or I don't want to go in debt, or you know – you're not seeing what is out there, what you do want, you know that goal. And that's why we talked about setting a big, specific goal up front, because it helps you focus on what you do want to achieve. You know, if you say that my goal is to make 200 thousand dollars in 2009, well, you're not going to say oh, I don't want to be poor, I don't want to be broke, I don't want to max out my credit card, you're going to be focused on making a lot more money. You're going to be focused on income generating activities; you're going to be focused on growth opportunities. So, just making sure that your mindset is that of somebody who is focused on their goals and what they want out of their business, and what they want out of their life. So, don't dwell on the negative. Don't dwell on what you don't want to happen. Don't be a pessimist. Instead set out what you want to achieve from a business and personal standpoint. Make it very clear – you know, write it down on paper just like Jim had mentioned before. Make sure that you hand write it. Keep it in front of you. I keep my goal list in my planner and review it every day, and it helps me stay on track and know what activities are going to be those higher return activities that are going to make me more successful and move me closer to my goals. So, Jim, I know you have some great insight there, so I'll turn it over to you.

JL: Well, I think – I want to kind of get back to what I said originally in regards to helping people and making money at the same time, because it's that want statement again – you know,

trainers enter into this business because they want to help people. I said the same exact thing when I got started into this business – I want to help people. I saw my father have his own business, and he did pretty well, but he was always stressed. You know, he gave himself a heart attack at 45 basically. Thank God he's been fine ever since – I mean, that was 20 years ago now. But, I want to help people – so if I'm helping people that means I can't make money – it's either or, I can do one but I can't do the other. Same as “I want to make a lot of money but I'm going to have to brake my back, I'm going to have to work all hours of the day, I'm going to be miserable and stressed” I mean, that's what it takes to make money, right? That's what it is. So, think more not in terms of you have to – you don't have to sacrifice anything. Instead of – I want to help people, great, that's first. I also want to make a lot of money – great, that's second. I also want to work X number of hours a week doing it. Now, I'm not going to tell you that you can work 4 hours a week like Tim Farris is – you know, I don't think it's impossible, but I don't think it's as easy as reading a book. But, you know, you have to think about – what do I want, what do I want, what do I want? And you can have it all if you work smart enough. So, I want to help people. I want to make 200 thousand dollars a year. I want to work 30 hours a week. You know – think about as Pat said in terms of solutions to how you can do that instead of if your thoughts automatically lead you to believe that you can have one without the other, then you're not really thinking like a wealthy person is. You're thinking kind of like an employee or a poor person is. Being an entrepreneur to me is just the greatest thing in the world. You can really write your own ticket. There's pros and cons to everything, but there's nothing better than making your own rules and making your own decisions, and I don't know how you do that really other than being an entrepreneur. And to me, being an entrepreneur, I guess there are certain professions where you can get very wealthy – like an investment banker. My brother used to be an investment banker – made tons of money, but he was working every day until like 4 o'clock in the morning. So, the question for somebody like that would be okay – I want all of this money I'm making, but I also want to help people, and I also want to work 30-40 hours a week. So, think about all of the things that you can have – don't think it has to be either, or, right Pat?

PR: Perfect, and honestly Jim, that was the third thing that I was going to touch on, so you've covered it. Yeah. You CAN have your cake and eat it too. I don't know if that's the appropriate analogy for fitness professionals, but it isn't hey, I can either enjoy my career or make a lot of money OR I can help people OR make a lot of money, or you know have a quality life that'll allow me to spend time with my friends, with my family, doing what I want OR make a lot of money. You can do all of these things, but you have to – it starts with that mindset – how can I have all of the things that I want in my life? Instead of just saying that I'm going to sacrifice, or I'm going to settle, and the trade-off is for me helping people is being broke. And you shouldn't ever have to settle. That is, man, that's probably been one of the underlying beliefs and motivations that I have had throughout my adult life or professional life. There's no reason in the world for you not to be able to have the type of impact you want on society, enjoy the type of personal life that you want, and make the amount of money or enjoy the amount of wealth that you want. So, you know, don't settle. Make sure that you have your thought process or your belief system in place. And then we can start to move on to more practical stuff. So, alright, Jim, we need to go ahead and transition – we've spent some time talking about creating the right belief system or the right I guess internal environment, and they can go – I know that both of us have been influenced by Randy Gage in a lot of this stuff. So, randygage.com – they can pick up some of those materials, right?

JL: Yeah, yeah, he's got – it's the Prosperity series, I believe. Just look – you'll see, he's got his whole website there. And there are 5 little books that're like 100 pages each. Definitely get them – you will absolutely love them, and they'll open your mind to a lot of things, and you'll see where a lot of your beliefs are coming from. And I'll tell you, you might not like some of it. I'm going to be completely honest – you might not like some of it, because it's going to challenge a lot of your long held beliefs, and when you challenge beliefs, it gets a little uncomfortable. But that's what has to happen if you're not getting to where you want to go in regards to your business and your finances. I can almost guarantee you a lot of it has to do – or almost – or all of it has to do with your beliefs about money and wealthy people. So, definitely, definitely pick those up, so, alright back to the – getting to the fun stuff, Pat.

PR: Alright.

JL: Managing money, building wealth – all that good stuff.

PR: Well, I guess fitness professionals out there listening in – you need to kind of ask yourself – are you managing your finances right now? Are you managing your money? Are you doing anything to start to build wealth, or are you just waiting for that big pay day, and then you'll start worrying about that? You'll start worrying about, you know, building investments or building some savings. You'll create a budget, or are you doing this now? Because, I'll be honest, and this held true – I started to understand this when we went into business very quickly – if you didn't have the infrastructure in place when you had 10 clients or 20 clients, then when we got to 400 clients – would've been crushed, wouldn't been overwhelmed. So, the same thing holds true now – if you're making 400-500 bucks a week and you're struggling to manage your money and you know, you don't have a financial plan in place, when you're making 5 or 10 times that, it's not going to get easier. I promise you – you need to kind of have that infrastructure in place. So, Jim, I know that we have some tools that we're going to be providing along the way, but before we move into that, is there anything that you want to add? Because, basically, I kind of have a step by step system that we're going to ask people to do, and we're going to give them the necessary recourses to make this work, but before we move into it, I didn't want to short circuit anything you wanted to add.

JL: Well, I guess just the things I would want to touch on is in regards to your business – something I always write in my newsletters is that your business exists to serve you, you don't exist to serve your business. And as we touched on earlier, it's not just about making a 6-figure income, it's about being intelligent with your money. I mean, most people are broke for a variety of reasons, but one of them is they just – it sounds so freaking obvious – but they spend far more than they make, you know? They just do. So, getting your – you know, you'll looking at the tools that we've provided – get your spending under control. You know, where are you spending your money? If you have no idea where you're spending your money, you're going to have to keep track of all of that – you're going to have to create a budget – you're going to have to be spending less than you make. You're going to be investing or saving a percentage of your income each month. If you have debt, you're going to work with credit card counseling places or something that can help you manage your debt, get it at a reasonable – get your interest rates lowered, and get that paid off. One of the things that we read typically from extremely wealthy

people is that they really don't carry debt at all. They pay for everything in cash. If they don't have the money to pay for something, they just don't buy it. So, that's not necessarily going to be the case for absolutely everything, I mean it can be difficult for obviously cars and homes and things like that, but in regards to things that people typically spend money on, on a day to day basis, you know – if you're going to Starbucks and you're putting it on your credit card, and suddenly you have 4,000 dollars in credit card charges and half of them are at Starbucks, you've got a problem. And I'm not saying that's the case for everybody here, but for some people, I would guess there's got to be one or two people on here who have something like that going on. But it's not just about earning income, it's about having your money work for you. And that is the true secret of the wealthiest of the wealthy – is their money makes money. You know, they don't really have to do anything, because their money makes money. And that is really the goal. I mean, that's the goal I have set for me is – I can't imagine never working, just because I'd be bored out of my mind, but I want to get to the point where my money is making all of the money I could possibly need. And I work because I absolutely positively want to and not because I have to at all. So, that's it, Pat.

PR: Very good, and you know, before we move into kind of the 5 part system that we've put together, I know we talked a lot about earning a 6-figure income and things like that, but you need to embrace the mindset that it's not what you make, it's what you keep. And part of that comes to budgeting, managing your finances, a lot of it involves understanding your taxes, because honestly, that's your – that is undoubtedly going to be your biggest expense, so you want to manage how much in the way of taxes that you're paying. And, you know, I will go ahead and say this before we move into this – we're not CPAs, we're not investment advisors, in fact we lean on other professionals to help us with this – to minimize the amount of taxes we're going to pay, to maximize the legal amount of deductions that we're going to have, the – how we're going to manage our money so that it's working for us – you know as much as possible. So, I don't know that most fitness professionals that – say if they're earning 30,000 dollars a year, most feel like hey, when I'm making 100,000 dollars a year, or once I hit that 6-figure mark, I'm on the other side of the rainbow – I'm there – things are great, I'm – I don't have anything to worry about. Well, rest assured that you're going to have a lot more in the way of taxes and that sort of stuff, so you need to get that infrastructure in place. So, here's what we've done – we've created a simple system for you to follow that'll help you kind of get your financial house in order and kind of start on the path to easy wealth-building.

Number 1 – every single month, you should be filling out a balance sheet for your business. You know, it basically is just a simple document that's going to compare your assets to your liabilities. To dumb it down as much as possible, in case you have never even taken like high school accounting or anything, an asset is something that puts money in your pocket – a liability is something that takes money out of your pocket. You know, creating a balance sheet – if you're using something like Quickbooks or something, you can run that from Quickbooks, but if not, we're going to give you access – we've created a spreadsheet that you can use that'll help you in this process. Because just as Jim mentioned, one of the worst things that I see fitness professionals do is man, they sell – they go out there, they sell a couple big packages, they get kind of a windfall of cash, and then that allows them or gives them this false sense of security, and then they start accumulating debt. Maybe they buy or lease an expensive car, and you know, they can pay the down payment, because they just got a big surge of cash, but now they're

having to service all of those sessions, and they're not making any money, and things get tight. So, they've accumulated a liability or a debt that is basically going to be kind of an anchor moving forward. So, you know, you want to be constantly evaluating as to whether you're accumulating more liabilities or more assets. You know, are you doing things that are putting more money in your bank account, or are you letting your spending increase at a rate that is faster than your income growth. So, examples of assets – mutual funds, stocks, bonds, real estate, money in a business, CDs, savings, you know, those types of things. Ideally, yeah, you're wanting to accumulate a lot more on the asset side of your balance sheet ledger. Before we move on to step 2, Jim, anything you want to add to that?

JL: Yeah, there's a couple of things on that I would love to add. You know, I think there's a million things I could definitely talk about right now. As you touched on, and we'll get into it a little bit, is the importance of paying as little in taxes as possible. We'll touch on that later. Really right now, in regards to spending again and especially big purchases – I think you make an absolutely awesome point, Pat, about spending money on cars or high ticket items when they get that windfall of cash. Now, here's my thoughts on that – when I started my business, I drove – I had a '96 Jetta, and I drove that car even when I was becoming you know, when I was successful. I drove that car into the ground. I drove it for as long as I possibly could. When I got my new car, I literally stalled on the way into the dealership, because it was just shot. You know, I – it's a long story, but I got every mile out of that car I possibly could. And now I'm not recommending people do this, but here are just my thoughts on the matter. I like to do things that I know I can afford. Like I just got a new car, and I lease my car, because I love cars. I absolutely love them. And the car I got makes me feel prosperous. Now, the key word there is "Feel" – I feel prosperous, I feel wealthy. And it's an expensive car. Now, everybody will tell you that a car isn't a good investment, it's a liability and it depreciates and loses half it's value or whatever as soon as you get it off the lot. And that's all true, but here's the thing – I can afford the car. You know, not only did I just get the car, but I also just socked away into my savings accounts, my retirement account, and everything else, you know thousands, and thousands, and thousands of dollars. I make a point – I don't do anything stupid with my money. I live debt free, and I don't spend money that I don't have. And I make sure that if I'm going to do something like get a new car that I not only put away my usual amount of money, but I put more money away that month, and I will continue to do so. Nothing gets me more excited than investing and saving money in smart investments – not stuff that's going to make a financial planner rich, stuff that's going to make me rich. So, another little thing – when I fly, if I get the little upgrade that says it's going to cost you \$99 to upgrade to first class, I always, always take it. Because, it's usually for business, and I usually get more work done because I'm rested, I had a better flight, I'm happy, but it also gets back to feeling prosperous. It's just one of the things that I do – again, I know I can afford it. It's not a huge investment, and it just makes me feel wealthy – it gets me even more excited about my business and about investing and saving money. And letting my money do the work for me. Because real quick to touch on it – passive income – I'll tell you what, pretty much every day I wake up and – well, every day I'll just be sitting here and I'll be making money through one of my companies where I didn't necessarily do anything specific to make that sale, but all I have worked my rear end off to lead up to that sale. Whether it be Prograde or PTU or the Bootcamp Blueprint, or the Carb Rotation Diet, or whatever it is, I've done work to make that sale – to make that money. Nothing gets me more excited than seeing my investments come in – if my returns that I've earned interest and I've made money, and yes there are ways to make

money in all markets – no matter if everybody else is losing money, there are smart things to do so that's not happening to you. Nothing gets me more excited than my money making money, because that is true, true, true passive income. I didn't do anything for that money. My money made that money, and that is a beautiful thing. That is to me the goal of it all – to have your money make your money. I mean, you want to talk about having a personal training business or a bootcamp business that has a velvet rope around it, and you only work with the clients you want to work with, imagine you have so much money that your money is making money that you don't have to work with anybody you don't want to. I mean, isn't – that's what financial freedom and freedom in your life is all about. So, that's what gets me excited and to get back to my initial point – little things like for me personally having a very nice car, flying first class once in a while, and again, I don't spend thousands of dollars on first class tickets, I just do the little upgrades. Those little things make me more passionate and more excited about building my businesses and building my wealth, if that makes sense.

PR: Makes all the sense in the world, and in fact it's the perfect segue to step number 2, because you touched on this a couple of times – is create a budget. And you know, most people are like God, I do not want to create a budget, and I'm not going to stick to a budget, but the bottom line is you need to know where your money is going. A lot of people don't have any idea how much money they spend on Starbucks each month, or how much money they spend eating out each month, or how many little expenses they've accumulated because they've bought six or seven different products and they basically kind of get nickled and dimed to death on small purchases. And because they're small, they don't have a very good understanding of where their money is going. So, create a budget, and in fact, just like with the balance sheet, we've created a spreadsheet for you that you can fill out and create a budget and do it – commit to doing it for at least 3 months. Do it first quarter of '09 and get an idea of where your money is going. And the beauty of this is, you can allocate, once you have a budget in place, you can allocate how much you should be spending on certain areas. And maybe you're over spending in certain areas that you don't need to be, and maybe you're not investing enough or spending enough in areas that you should be. And from this point forward, you're not going to be oblivious to what's going on. This is no different than fitness professionals asking their clients to do a food log. You need to know exactly what's going on and get a handle on things. You can't really fix what's going on financially until you have a handle on it. I think what Jim had to say as far as part of what inspires him, part of what motivates him and makes him feel prosperous are those little things – driving a very nice car or upgrading to first class, and I think that's ideal, but hopefully you didn't neglect to hear what else he said – he lives debt free. He can afford it. All too often I've seen any number of fitness professionals driving around in a flashy new car and then going home to live in an awful apartment where they had everything – you know all of their flashy furniture was from a rent to own store or something like that. Or everything was purchased on a maxed out credit card now, because they have a great new leather couch and flat screen TV, but they maxed out their credit card doing it, so now they're going to be paying 23% interest on it or something. So, make sure that you understand where your money is going and get a handle on it. Once you do that, everything else becomes very, very easy. Because if you want to – if there are certain things that you feel like you're deprived of, then that goes back to setting goals. Hey, I want more money to invest in be it maybe vacations or maybe you want more money because you want to drive a new car, or whatever else. Well, then you need to set that down as a goal, and that's going to inspire you, and that's what's going to motivate you. I mean, Jim was very

clear to touch on the fact that when he knows he wants to go out and get a new car, he puts a little bit more money away for that, and he plans accordingly. And it's not a frivolous purchase, it's a reward for making good choices and doing things that've grown his businesses and his income. So, alright, well, let's move on to step number 3, and for most fitness professionals, this is a very foreign concept: pay yourself first.

Most fitness pros that I know pay themselves last. They pay their rent or their mortgage first, they'll pay a car payment and insurance payment, they'll be paying for credit cards or student loans or something like that, and when it's all said and done every pay cycle, be it when you're getting paid every week, two weeks, every month, at the end of the month there's nothing left for you. So, pay yourself first, and it doesn't matter if right now you're making 400-500 dollars a week, it doesn't matter if you're making 4-5 thousand dollars a week. You need to start to develop that mentality of paying yourself first. And honestly, and Jim, you may have a different mindset on this, but I think it's the mentality that's most important – that you're going to invest in you first and foremost. If you're only making \$400 a week and all you can do right now is pay yourself \$40 first, for me, that's enough. It's setting a precedent that you're going to invest in you and you're the one doing the work, and you're the one who basically has a plan and a vision for building your own personal wealth, so that's the first place that you invest your money. Jim, anything you want to add to that?

JL: Yeah, I'd like to go back a little bit to when we talked about wanting both – so, for instance, I want to help people and I want to make 200 thousand dollars a year. Now, long term – yes, you have to have those wants. These are the things that I want... these are the things I want to have in my life, come hell or high water. But in the meantime, sacrifices will be made. You know, for example, I always wanted a nice car – I got a Mercedes after I drove my Volkswagen Jetta for 10 years and 100,000 miles, and beat the ever living hell out of it getting every mile out of it. I didn't get that car until all the other – until I sacrificed for years. I mean, it's not a great sacrifice, it's not like fighting for my country or something, so I don't mean to overstate it, but along with that sacrifice there were trips my friends went on that I didn't go on. There were times where there were things maybe that I wanted to buy that I didn't buy because my long term goals meant much more to me than short term satisfaction. So, I think that's something very important to realize, because just getting – I don't know if that's what we're talking about exactly, but I just really wanted to make that point, because some things here and there have to be sacrificed. If it's not your ultimate goal, if it's not what you truly want, some things will have to be sacrificed. So, in regards to paying yourself first, something I wanted to mention was, and I should've done this a long time ago, as Pat knows we introduced Bob Glasgow my accountant, also the accountant for Pat, Nick, and I for Ultimate Business Systems, and he's the accountant for Prograde, we had our mastermind meeting of our elite masterminders fitness professionals in Tampa in November, and we introduced Bob and my new financial planner who works side by side with my accountant now. He's a fee-based financial planner, and we set up a 401K for my personal company – for the one that I have – Achieve Total Fitness Inc. And nothing excited me – I can't tell you how much I love watching my money go into my 401K. Because that is pre tax dollars – that's money before I take – you know when I pay myself my paycheck, money goes into that 401K and then Uncle Sam takes his cut after that. You know, it's tax-deferred money, so I absolutely, positively love that. That's something I just wanted to touch on. It just goes back to investing and assets versus liabilities – having that balance sheet. Because I think people are very

confused about 401Ks, and I know there's a fitness professional in our mastermind group who's confused about 401K. 401Ks are typically a family of mutual funds and things where they have growth funds and high income funds and funds that are just cash or bonds or all of those kinds of things. You know, 401Ks are in terms of the stock market – again, we're not financial planners, but just to touch on it, those are getting crushed because people who have their money in 401Ks have their money not necessarily allocated in the best of places. You know, in more high risk areas where yeah they are getting killed when the stock market crashes. In the case of companies like N-RON – employees had their 401Ks – all of that money was tied up in N-RON stock, and obviously we know what happened to N-RON a few years ago, and that's why those 401Ks are worth nothing. Right now my financial planner has me – that money just goes into cash basically, so it's as low risk as it gets. It doesn't create a high return, but we're setting that money aside to invest in smarter investments when the time is right. And we'll have – his name is Mike Lavoy, we'll have his contact information and our accountant's information on there as well. If you have questions about it, just email me: jim@jimlabadie.com and I'll point you in their direction, because this is – having your own 401K is an absolutely brilliant way to pay yourself first, because you're paying yourself way before Uncle Sam gets paid. So, anyway.

PR: Well, I think you made a great point, and the other thing about paying yourself first is, it can be very liberating. One of the reasons that fitness professionals feel like they're stuck in jobs, maybe they're working for a health club or in somebody else's studio or they can't take advantage of opportunities when they see them, is they don't have any cash reserve set aside. You know, it doesn't matter what they're making, they're spending proportionate to whatever they're earning, so I know one of the best things that I ever did, and to be honest, you probably would not be listening to me on this call if I wouldn't have done this, was at one point previously before I went out on my own or actually partnered with Nick to launch our initial personal training company and then start our health club – I had been running a personal training company within all of the Gold's Gyms in the state of Kentucky, which was a very big operation – we did millions of dollars in personal training sales. I managed typically around 70 different personal trainers, and one of the things that really helped me was that I was putting money aside every paycheck, because I knew what my goals were – I knew I wanted to be an entrepreneur, and I knew that I didn't want to rely on having to do some of the things that you hear other people do as far as having to max out credit cards to start a business and then they're digging themselves a hole because they're paying 15-17-21% interest on the things that they're doing, because they had these credit cards, or whether or not I'd be able to secure bank loans to get things off the ground. I didn't want to be in that position, so I paid myself first basically and invested in myself – is kind of how I viewed it. I started saving money so we'd be able to launch a business, or basically when I was doing this I didn't even know what the business was going to be, but I knew that I wanted to own my own business and I wanted to have something of a nest egg to either invest in the business or pay my bills when things were a little bit thin starting out. And ultimately, I was able to not only put money in the business to get it off the ground, but I was able to live off of money that I had saved through paying myself for really the first three months, because when I left my job, I had – you know construction was delayed in the facility that we were going to be opening a training company, so basically I wasn't going to be making any money for really almost 3 months. And it really was no problem at all – it allowed me the security of being able to still pay my bills and still live happily while I was building the systems and the infrastructure to get our first training company off the ground. So, that's something else

to think about – when you pay yourself first, you’re putting yourself in such a better position to take advantage of opportunities when they come along. So, alright, Jim, we’ll move on – step number 4, or our tip number 4: don’t accumulate bad debt. That kind of goes hand in hand with what we just talked about – you know bad debt – the obvious thing – credit cards. Don’t run up credit card bills. I mean, right now, credit card companies in some instances are jacking up interest rates and what not because they’re tied to the banks that have felt a little bit of a crunch here. So, don’t run up bad debt. Don’t – try not to purchase things that you can’t afford – that you can’t pay for in cash. And even if you’re – I mean, and that doesn’t mean that you just have to carry around wads of 100-dollar bills, but if you can’t afford to pay off the balance of whatever you’re spending on your card each month, then you probably shouldn’t be making those purchases. You know, don’t buy – really, the easiest way to simplify this as far as bad debt goes is don’t spend money on anything that you can’t afford. I don’t know how to put it any more plainly than that. Jim – anything that you can add that might offer some more insight there?

JL: I think you hit it on the head there – don’t buy things that you can’t afford in regards to even stuff like furniture. Like, if there are things that I want to buy that – I just pay for everything in cash. I just buy and I don’t just let it sit around and get charged interest. Now, there is – you may incur some debt in regards to growing your business. I’ve said it before, I incurred – I didn’t know what the hell I was doing when I started my business, and I incurred a fairly significant amount of credit card debt. I know Zack Even-esh had credit card debt. And we’re not saying that is the way to go by any stretch of the imagination, but if you’re buying things on credit with the determination that I’m going to use this money to make money, I’m going to use this to further my education, I’m going to use this because I need – I absolutely – for critical expenses, I think this is something that Nick does a great job of identifying things where you need to spend money and things that’re just unnecessary. So, if it’s something absolutely critical to your business’ growth, then yeah, fantastic. If it’s going to be something that’s going to make you money, then it would be considered – I guess you would call it “good debt” as opposed to a “bad debt” where you’re buying a new car and you’re putting 5,000 dollars down on a credit card. That would just – I think it’s pretty obvious, but there’s a difference between the two. So, it’s more of just don’t go – again, it gets back to sacrificing short term for what you really, really want long term. And that comes back to setting your goals, and you know, it all works hand in hand. And something else, just to touch on it real quick – I think we may have missed – is in regards to paying yourself, you definitely want – and again, a financial planner can help you with this maybe better, but you’re going to want to have 3-6 months worth of living expenses saved up in an account that you have easy access to – a savings account or a money market account or something, where say you are the one running your bootcamp and God forbid you break both of your legs or something happens where you can’t do what you were doing to bring in your income. You need to have a nice little buffer zone there where – I call it my “O shit” fund. God forbid, I’ve got cash saved up that I could use no matter what. So, having 3 to 6 months of living expenses on hand is a very, very good thing. And that gets back to having your balance sheet and your budget and knowing where your money is going too, and what your monthly expenses are. So, that’s that on that, Pat.

PR: Alright, and finally, number 5, and this gets back to something that I know that I touched on almost right out of the gate: you need to set goals or targets to shoot for. You need to set income goals, you need to set savings goals, you need to set net worth goals. So, I mean, be very

specific. Do you want to have a seven figure net worth? I know that when I left coaching college baseball, that was my short term goal really, or maybe at the time it was kind of a long term goal, but it was – I wanted to have a seven figure net worth. And that drove a lot of my actions and my decisions along the way. But, you want to set very specific, tangible goals, and you want to break them down into smaller, actionable steps. If you want to have 25,000 dollars in savings, or 50,000, or 100,000 dollars in savings, well, unless you've just won the lottery or just hit a windfall, odds are you're just not going to be able to write a check and move that over to a savings account. You're going to have to break that down and say well, ok that means I need to put 100 dollars a week into savings for the next 250 weeks. So, basically in the next 5 years. Or, I need to put 200 dollars a week, or 400 dollars a week, depending on what you're earning and what position you are in currently. But, you need to set specific goals, because the thing that has always run through my mind since I've entered the fitness industry from this side of things and not from working at a state university back when I was a baseball coach, a strength coach, because essentially they – you know, I mean, working at a state institution, you're kind of taken care of there. They have the public employee retirement system and everything else. But when I got out on my own, most fitness professionals that I knew – they didn't have any plan. They had no target. They had no goal as far as savings or retirement or net worth or anything like that. I mean, if anything, the forward thinkers of the bunch had income goals. You know, they knew they wanted to make 100,000 dollars a year so they could drive a flashier car or take a better vacation on the one week a year that they actually weren't swamped with clients or whatever. But, they had no plan, and I was like, well, so you're going to be training people from 5 in the morning till 7 at night every day when you're 65 – what about when you're 70? What are you doing to set the stage so you're not going to be trading time for money for the next 40 years, 30 years, depending on how old you are? You know, 20 years? And it all starts with setting those targets and those goals so you don't put yourself in a position where you're having to work tirelessly when you're 65, 68, 70 years old just to get by. And you know, I know a lot of people that they don't have that much foresight, but I'll be honest, I know a couple of people in their late 60's now that are working full 8-10 hour days, because they didn't think about this sort of stuff, and they didn't put money in savings, they didn't create any investments for themselves, and then they weren't in a job that kind of dummy-proofed it and did it for them. So, you need to set some goals and some targets to make sure that you're successful long term. So, Jim, that's my fifth step. I'm sure you have plenty to add to that, because I know that you've done a great job with planning and investing along the way.

JL: Thank you, sir. I would just like to add again about working with a qualified professional. The guy I started working with – his name's Mike Lavoy – he is a fee-based financial planner. So, basically the more money he makes me, the more money he makes. And that's the way I want it. I wouldn't go with anybody who just makes sales commissions. I don't know, there's a friend of mine from way back in the day from elementary school I used to work with who – I was in funds that are standard funds out there but they take 5% right off the top when I wanted to invest in these things, so if people are adventurous, then they can work with Mike or with Bob in regards to their taxes and their investments.