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Dare
to Be
Different
and Grow Rich

THE SECRETS OF SELF-MADE PEOPLE

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Money Matters, Chapter 16, Dare to be Different and Grow Rich
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CHAPTER 16

Money Matters



This book analyzes the success stories of people whose success also manifests itself not least in the huge fortunes they have been able to amass – tens or hundreds of million dollars, in some cases even billions. How much does money matter as a motivating force? There are two schools of thought on this. The first one claims that money alone is not sufficient as a motivating force. The most successful people, according to this way of thinking, are those who do whatever it is they do for its own sake. They love what they do, and money is an incidental by-product rather than an end in itself – wealth comes to them more or less automatically, precisely because they love their work and excel at it. The second hypothesis assumes that the ambition to become a millionaire, a multi-millionaire, or even a billionaire, is an essential motivating force for high achievers, and that anybody who wishes to be truly successful needs to aim for quantifiable goals.

So how much does money matter? In Europe, and to a lesser extent in the U.S., admitting that you are primarily motivated by money is socially unacceptable. Dismissing money as insignificant, or at best as a secondary consideration, is *de rigueur*. People who openly admit that they are driven by the ambition to increase their wealth are considered crass, greedy and of somewhat dubious character, their lives devoted to the pursuit of filthy lucre rather than lofty ideals.

Don't believe a billionaire who claims not to care about money. The richest man in history, the legendary oil baron John D. Rockefeller himself, who was constantly under pressure because of his wealth and his success, was fond of affecting disinterest in money matters. "Throughout his life," his biographer reports, he "reacted in a vitriolic manner to accusations that he had lusted after money as a child and yearned to be fabulously rich ...

he contested insinuations that he was motivated by greed instead of a humble desire to serve God or humanity. He preferred to portray his fortune as a pleasant accident, the unsought by-product of hard work."⁴⁷⁹

However, Rockefeller's biographer Ron Chernow doesn't set much store in these claims. Chernow blames Rockefeller's obsession with wealth on his father. "The old man had a passion for money that amounted almost to a craze," he quotes a family friend. "I never met a man who had such a love of money."⁴⁸⁰ Rockefeller himself was full of admiration for his father's habit of "never carrying less than \$1,000, and he kept it in his pocket. He was able to take care of himself, and was not afraid to carry his money."⁴⁸¹ Even as a young boy, he is said to have dreamt of great riches. He couldn't have known that his wealth would one day exceed his wildest dreams, but even the \$100,000 he aimed for back then – several million in today's currency – constituted a considerable sum. "Someday, sometime, when I am a man, I want to be worth a hundred thousand dollars. And I'm going to be, too – someday," he told a childhood friend. There are many such stories from various sources.⁴⁸²

Making money hand over fist may not have been the top priority for every billionaire. However, it seems more than likely that, in public, many of them prefer to cite 'loftier' motivations, which are considered more socially acceptable. No millionaire or billionaire has ever been known to turn down the opportunity to make money – if they had, they wouldn't be millionaires or billionaires.

On the other hand, people who have had no success in life will often express a dislike for money which verges on disgust. A few years ago, at a class reunion, I got talking to a former classmate, a self-confessed anarchist when we were at school. I asked him how he was doing and whether his attitude had changed, to which he replied: "I'm still fighting for the cause." I asked what cause he was talking about, and he said: "The abolition of money." I ventured an ironic remark: "It looks as if you've at least managed to achieve that for yourself." He had no choice but to laugh – I had guessed right. Shortly after that encounter, I ran into an acquaintance – a very intelligent and courageous journalist whose opinions I rate very highly. He told me he was disgusted by money. I asked him how much money he had, and even though he gets paid fairly well, he still doesn't have any money. No wonder, I told him – if money disgusted him so much, it was probably avoiding him to the same extent he was avoiding it.

People who have not succeeded in making any money tend to look for reasons and excuses why not. The simplest one they can come up with is: "The rich are morally corrupt; they have come by their money through ruthlessness and dubious means." According to an opinion poll in which respondents were asked why they think some people are richer than others, 52% of Germans said that rich people had made their fortunes by dishonest means.⁴⁸³

Implicitly, what they mean to say is: "The reason I don't have any money is because I am such a good and moral person." A lot of people who have not succeeded in making money live and breathe by this lie, which is of course nonsense. In every social class, there are those who have high moral standards, and those who don't. I really don't believe the percentage of people with moral integrity is higher in the lower strata of society than among the rich and famous.

In spite of all their attempts to justify their lack of financial means, most people would rather be rich than poor. However, their attitude is not conducive to improving their financial situation. And even those who do make a lot of money frequently feel forced to stress that money isn't really all that important to them.

We've all come across sentiments along the lines of "I'd rather be poor and healthy than sick and wealthy." Nobody with even a modicum of sense is going to argue with that. But personally, I'd rather be healthy and wealthy than poor and sick. "Money can't buy you love" is another popular rejoinder, and equally hard to argue with. But does that make money any less important?

What drives people to make a lot of money? Why do people want to become millionaires? What does money mean to them?

Depending on the individual, the answers to these questions fall into three categories:

1. Money as a means to win approval and recognition.
2. Money as a means to prove your success or your intelligence.
3. Money as a symbol of freedom and an opportunity to fulfill your dreams.

Looking at the life stories of very successful people, you find that for most of them, one of these motivations predominates, although in some cases, they work in conjunction with each other.

Let's start with the first one: for men like Oracle founder Larry Ellison, recognition and the approval of others was certainly a powerful motivation.

Ellison was the owner of the tenth-largest yacht in the world, a boat called *Rising Sun*, which he bought for some \$200 million. He was well-known as a playboy and for him the status and recognition bestowed by his wealth is certainly an all-important factor.

The same is true of Warren Buffett and George Soros, although neither is the least bit interested in luxury goods. Buffett still lives in the same house he bought years and years ago and has never even bought himself an expensive car, let alone a yacht. He definitely doesn't fit the playboy image. His wife once said that all he needed to be happy was a light bulb and a book. Even as a boy, Buffett wanted to make money, a lot of money. For him, it's all about results and returns – he regards the profits from his investments as a kind of objective yardstick which proves his superior intelligence. For this reason alone, he would never cheat, use shortcuts or profit by unfair means precisely because he prides himself on his superior investment strategies.

Being right is probably almost as important to him as being rich. That's why he has invested a lot of time and energy into disproving Eugene Fama's efficient-market hypothesis, according to which men like Buffett are nothing but freaks of nature, akin to lucky gamblers or multiple lottery winners. The market, proponents of this theory claim, cannot be outwitted. For Buffett, the insult must have been almost unbearable.

Making money is an end in itself for Buffett. Everything else is secondary, except for his ethical and moral principles. These he sees as a vital asset, an essential prerequisite for his success because they gain him the trust of others. Buffett is definitely not motivated by a desire for conspicuous consumption and creature comforts. He is famously reluctant to spend any of his money and countless stories attest to his thriftiness and ascetic tastes. After they had moved house in the late 1950s, his wife bought chrome-and-leather furniture and huge paintings. "The \$15,000 decorating bill totaled almost half of what the house itself had cost, which 'just about killed Warren,' according to Bob Billig, a golfing pal. He didn't notice colors or respond to visual aesthetics and so was indifferent to the result, seeing only the outrageous bill."⁴⁸⁴ He would protest to his wife that he didn't see the point of spending hundreds of thousands of dollars on a new pair of shoes, or on having her hair done. Of course, neither the shoes nor the hairdresser came to that much – but Buffett always calculated the returns he would have gotten if he had invested

and reinvested the money over decades, rather than 'wasting' it so foolishly. When his daughter asked him for a loan to buy a new kitchen (she already knew he would never give her the money), he advised her to borrow money from the bank like everybody else.

Once he had become one of the richest men in the world, Buffett decided to give away most of his money. But unlike other billionaires, he had no intention of establishing a Buffett Foundation, a Buffett University or Buffett Library as a memorial to himself. He had come to the conclusion that his friend Bill Gates, with whom he took turns at the top of the list of the richest men in the world, knew more about charity than he did. And Buffett applied the same maxim to donating money which had served him so well in earning it: find the most competent person for the job, then delegate it.

Buffett's fellow investor George Soros, was "no hedonist" either, his biographer says, and "money could bring him only so much."⁴⁸⁵ He had never planned to become an investor; as a young man he dreamt of making his living as an intellectual, presenting "the world with some major insight, 'like Freud or Einstein.'"⁴⁸⁶

But Soros soon realized that his true talents lay elsewhere. At first, he tried his hand as a writer of philosophical treatises and books on economic theories, which were neither very well received, nor as brilliantly argued as he may have thought. Today, Soros likes to refer to himself as a "failed philosopher." What he did have a remarkable gift for, however, was predicting the markets and making enormous amounts of money from those predictions. Like Buffett, he regards the fortune he has amassed as evidence of his intelligence and his ability to understand political and economic contexts better than most.

According to his biographer, Soros entered the world of high finance out of frustration at not being able to conquer the world of ideas. "The decision was, in one sense, easy. He had to make a living anyway. Why not try to show all those economists that he understood the workings of the world better than they did by making as much money as possible? Soros believed that money would give him a platform from which he could expound his views."⁴⁸⁷

Soros likes to joke that he is "the world's highest-paid critic." He claims: "My function in the financial markets is a critic, and my critical judgments are expressed by my decisions to buy and sell."⁴⁸⁸

Both Soros and Buffett lean to the political left (Soros even more so than Buffett), which has a lot to do with their craving for intellectual recognition.

Academics and intellectuals tend to regard money with suspicion.⁴⁸⁹ Only by professing left-wing views and reservations about capitalism can a man like Soros win a certain amount of respect in those circles. However, it would be wrong to say that money meant nothing to him, or even that he was indifferent to its allure. According to his biographer, he had a sign on the wall in his office which succinctly expressed his credo: "I WAS BORN POOR BUT I WILL NOT DIE POOR."⁴⁹⁰

The third reason people are interested in making money is the freedom it brings. Money, many rich people know, is the currency of true independence. In her autobiography, fashion designer Coco Chanel reflects on the promise money has always held for her. The two aunts who raised her after her mother's death kept drumming into her: "You won't have any money ... you'll be very lucky if a farmer wants you." This raised her hackles, making her all the more determined to grow rich and successful. "Very young, I had realized that without money you are nothing, that with money you can do anything. Or else, you had to depend on your husband. Without money, I would be forced to sit on my behind and wait for a gentleman to come and find me."⁴⁹¹

Even as a 12-year-old, Chanel knew full well that "money is the key to freedom."⁴⁹² She claims that money meant "nothing more than the symbol of independence ... I've never wanted anything, just affection, and I had to buy my freedom and pay for it whatever the cost."⁴⁹³

For her, too, making a lot of money was an objective measure of her success – it proved that her unconventional creations and designs hit a nerve. "Money that is earned is merely material proof that we were right: if a business or a dress is not profitable, it's because they're no good. Wealth is not accumulation; it's the exact opposite; it serves to free us."⁴⁹⁴ Less successful designers and artists like to pretend it's the other way around: that commercial success is the hallmark of artistic compromise, of 'selling out.' Of course, this is just another way of rationalizing and justifying failure.

The fact that the wealthy associate money, above all, with "freedom and independence" was also one of the key findings of my dissertation, *The Wealth Elite*: my 45 super-rich interviewees associated very different advantages in their lives with 'money,' that is, with a large fortune. In order to better understand the motives of the interviewees, each was presented with six aspects

that can be associated with money. They were asked, based on the importance of these factors to them, to rate each aspect on a scale from zero (totally unimportant) to ten (very important).

The wide variety of responses reflects the broad spectrum of motivations. Being able to afford the finer things in life (namely expensive cars, houses, or holidays) was of major importance to 13 of the interviewees, whereas ten asserted that this plays no role whatsoever for them. For the remaining interviewees, this aspect was neither very important nor totally unimportant. Security was rated important by roughly half of the interviewees, but there were also nine who said that this was of no importance to them whatsoever.

There was only one motivation about which almost all of the interviewees agreed. They associate wealth with freedom and independence. The notion of being financially free united almost all of the interviewees. No other motivation was so frequently rated so highly. Only five of the interviewees rated this aspect with a grade that was not in the highest category of between seven and ten. Of the interviewees, a total of 23 went as far as to rate this aspect with the highest possible score of ten.

For whatever reasons, money is an important motivator for many high achievers. Others couldn't care less about it. McDonald's founder Ray Kroc belonged to the second group. "Although he became one of the country's wealthiest men, with an estimated worth of \$600 million when he died in 1984, he never talked of accumulating wealth. He was not driven by acquiring money. He never analyzed a business by its profit-and-loss statement, and he never took the time to understand his own company's business sheet."⁴⁹⁵ This attitude brought McDonald's close to the brink of bankruptcy. "What converted McDonald's into a money machine had nothing to do with Ray Kroc or the McDonald brothers or even the popularity of McDonald's hamburgers, French fries, and milkshakes. Rather, McDonald's made its money on real estate and on a little-known formula developed by a financial genius named Harry Sonneborn."⁴⁹⁶ Kroc himself had to concede: "His idea is what really made McDonald's rich."⁴⁹⁷

Even in an eminently successful company such as McDonald's, the founder or company director may not be driven by the desire to make money. However, there has to be another person high up in the company hierarchy – though usually less exposed to the public eye – for whom money is an important consideration.

Whereas investors tend to pursue money in the abstract, for its own sake, most entrepreneurs are far more likely to be driven by their enthusiasm for a certain business idea, by passion for their work and a constant desire to grow, to learn, to develop and expand, to try out new things, to excel themselves and triumph over others.

Advertising made David Ogilvy famous – and fabulously wealthy, allowing him to buy a château in France. He was passionate about wanting to change the way things were done in the advertising world. However, the fact that he was on a mission to replace pure entertainment with fact-based information doesn't mean that money wasn't important to him. On the contrary, he was "obsessed with money," his biographer says.⁴⁹⁸ "Although he entered advertising to make money, Ogilvy had become interested in the business itself."⁴⁹⁹

Ogilvy was a voracious reader of books on successful businesspeople. He was very interested in finding out how they had made their money and what they did with it. His biographer reports: "Whether due to childhood poverty or other reasons, money was never far from the surface with Ogilvy. And he could be startlingly direct."⁵⁰⁰ He would probe successful professionals he had only just met: "How much do you make? How much are you worth? – Do you make a good buck?"⁵⁰¹

There is no conflict of interest between wanting to make money and feeling passionate about a certain job or issue. "Many of the greatest creations of man have been inspired by the desire to make money," Ogilvy claimed. "If Oxford undergraduates were paid for their work, I would have performed miracles of scholarship. It wasn't until I tasted lucre on Madison Avenue that I began to work in earnest."⁵⁰²

If you are unhappy with your own financial situation, I would strongly advise you to review your attitude towards money. Subconscious negative feelings about money may very well be the reason you don't have any, or not enough of it. If you envy others who have more money than you, you definitely need to review your attitude. Whenever I meet somebody who is significantly better off than I am, I feel admiration for them – as long as they made their money with honest work. I see that person as a role model, somebody I can learn from – envy doesn't come into it.

If you want to build a fortune, you should take guidance and inspiration from the success stories of the men and women featured in this book.

The one thing you should never do is choose a field or a job merely because it's well-paid, or because you think it will look good on your CV.

Warren Buffett is very adamant on this point. "I think you are out of your mind if you keep taking jobs that you don't like just because you think that it will look good on your resumé. Isn't that a bit like saving up sex for your old age?"⁵⁰³

Speaking personally, all my life I have always worked in jobs I enjoyed doing – whether it was as a historian, a senior editor for a publishing house, a journalist, a real estate expert, a PR consultant, or an author. You won't achieve success in life unless you do something you love and which suits your talents.

CHAPTER 17

Tension and Relaxation
