

THE SELF-MADE BILLIONAIRE EFFECT

How Extreme Producers Create Massive Value

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MAIN IDEA

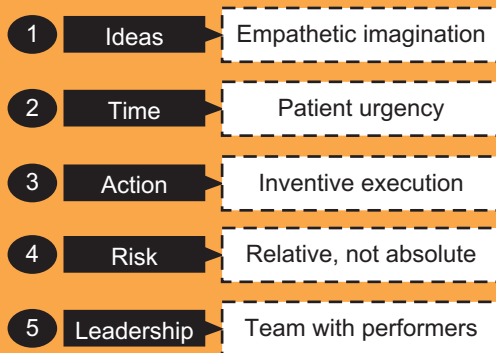
Growing a business from nothing to a billion-dollars in valuation is an impressive achievement. So too is any individual who amasses more than a billion-dollars in personal wealth. The fact is there are around 800 self-made billionaires in the world today and since 1987, their net worths have been growing three times faster than the world economy. So what are they doing right? In a nutshell, self-made billionaires look at the world differently. They are producers rather than performers.



The majority of business executives tend to be performers – hugely talented people who excel at optimizing existing processes and products. They win all the awards, get accolades and then usually promote other performers to succeed them.

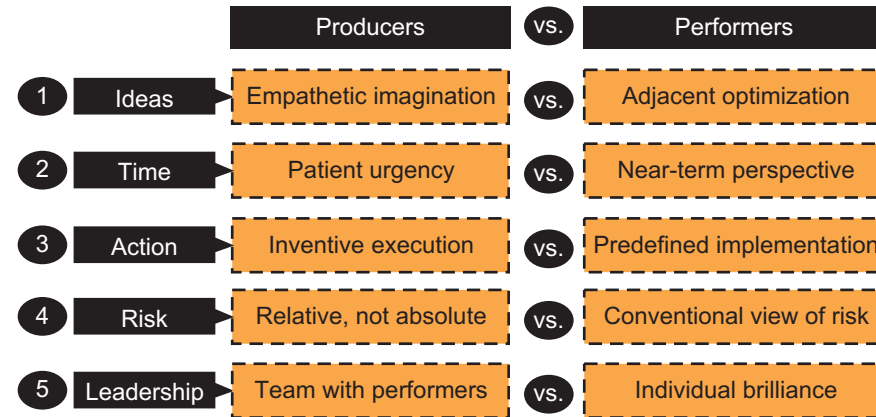
Self-made billionaires, by contrast, are almost always producers. They have the innate ability to envision something new, to bring together the resources needed to make it happen and then to sell it to customers who didn't even know they wanted it before they saw it.

Producers think differently from performers and have five distinctive habits of mind:



The key to harnessing the self-made billionaire effect is to think and act like a producer, not a performer.

The five habits of mind of self-made billionaires



Habit #1 – Ideas: Empathetic imagination Pages 2 - 3

Producers understand customers needs and use that to envision new offerings and business models which will address those needs. Performers emphasize making incremental improvements and expanding current offerings, business models and markets.

Habit #2 – Time: Patient urgency Pages 3 - 4

Producers prepare constantly so when the right opportunity arises, they can pounce on it immediately. Performers tend to focus on exploiting existing opportunities within well-defined time frames like the next quarter or the next year.

Habit #3 – Action: Inventive execution Pages 5 - 6

Producers exhaustively commit to designing and then redesigning every aspect of bringing a new product to market at scale so as to unlock the greatest value. Performers use more conventional models for designing and then bringing new products to market with efficiency and effectiveness.

Habit #4 – Risk: Relative, not absolute Pages 6 - 7

Producers take a relative view of risk – they assess what they could gain compared to what they stand to lose. Producers are more concerned about missing an opportunity than anything else whereas performers obsess over their stewardship of existing customers and assets. Performers like to minimize the potential for loss.

Habit #5 – Leadership: Team with performers Page 8

Producers always end up teaming up with a performer who will work in the background making the right things happen. They have what can be termed a symbiotic relationship with a performer they trust. Performers, by contrast, focus on trying to grow brilliant leaders who can run capable teams.

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