

GET
RICH
SLOWLY

BE YOUR OWN CFO

THE UNCONVENTIONAL GUIDE TO MASTERING YOUR MONEY



**Sneak
Preview**

Be Your Own CFO

The Unconventional Guide to Mastering Your Money

By JD Roth

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Unconventional Guides

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Introduction

My name is J.D. Roth. For a decade, I've been reading and writing about personal finance. Today I'm debt-free and have a million dollars in the bank, but ten years ago, my financial life was a disaster.

In 2004, I had over \$35,000 in consumer debt—credit-card balances, personal loans, a car payment—and was living paycheck to paycheck on a salary of \$50,000 per year. I spent every penny I earned and had no savings. Naturally, my wife and I decided to buy a new house. And that was the final straw.

I was flooded with financial obligations. I felt like I was drowning. All I wanted to do was bury my head in the sand, play computer games and read comic books. I wanted to give up. Instead—for reasons that remain a mystery to me—I stopped shirking responsibility, buckled down, and got to

work. Using skills I'd learned as a small-business owner, I began to methodically eliminate my debt.

Like Father, Like Son

You see, my father was a serial entrepreneur: He was always starting businesses.

Most failed, but some were wildly successful.

As a boy, I imitated him by starting kid-sized businesses of my own. My ventures were much smaller than Dad's, but they had similar ups and downs. The



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lemonade stand by the side of the road failed miserably, but I made a tidy profit re-selling used books and baseball cards to my friends. I made even more money by marketing a homemade comic book at the school store.

After college, I took a job as salesman for the family box-making business. When Dad died in 1995, my brothers and I were quickly forced to learn how to manage every aspect of the company—from payroll to purchasing, from marketing to product design. Then, in 1998, I started a computer consulting company to make money in my spare time.

As both businesses grew, I noticed something odd. My personal finances were a mess—I spent compulsively and was deep in debt—but when I managed money for the companies, I had a completely different mindset. I was careful, almost parsimonious. This was partly to appease the IRS, but it was also a point of pride. Maybe I couldn't take care of my personal finances, but I was damn well going to run a tight ship when it came to business!

I turned business management into a game. I imagined I was the Chief Financial Officer (CFO) of a Fortune 500 firm. Even when my consulting company was making less than \$5,000 per year,

I challenged myself to make the best possible decisions. It worked. Even as my personal finances remained mired in muck, both businesses grew and prospered.

Becoming CFO of My Life

One night in October 2004, after I'd bounced yet another check and missed yet another payment, I reached rock bottom.

I began to wonder why I didn't use my entrepreneurial skills at home. What if I made decisions in my personal life as if I were making them for a business? What if I installed myself as CFO of JD, Inc? How would I cut costs? How would I increase revenue? Where were the best places for me to direct my cash flow?

That night, I drafted a three-year plan to get out of debt. According to my calculations, I could pay off everything I owed by December 2007—if I managed my money wisely. I decided to give it a shot.

I cut back on spending. I boosted my income. As JD, Inc. became profitable and my cash flow improved, I paid down debt. I tracked my spending and created monthly reports to document my progress.

The results were remarkable.

In less than a year, I had set aside a \$5,000 emergency fund with my wife and had increased my cash flow by \$750 *per month*. I plowed that “profit” into debt-reduction. I continued to manage my life as a business, and in December 2007—right on schedule!—I became debt-free for the first time in my adult life.

Today, nearly a decade later, I still manage my life as a business. Because I’m human, I occasionally make mistakes—occasionally I make *dumb* mistakes—and some years are more profitable than others. Through it all, I do my best to treat my money as if it belonged to a corporation and not to me. I believe my most important work is as CFO of JD, Inc.

And I believe that *your* most important work is as CFO of You, Inc.

Becoming CFO of Your Life

This guide is different than most of the personal finance books and blogs you’ve read.

Instead of assuming you’re a victim of circumstance, I assume that *you* are the master of your own fate. Sure, you’re a part of the overall economy and subject to both lucky and unlucky breaks, but ultimately you’re in charge. Your circumstances may not be your fault, but they’re your responsibility. You are the Chief Financial Officer of your own life.

I won’t pretend that you can meet your goals without doing the work. Some books would have you believe that you can get rich quickly with minimal effort. Gold! Passive income! Think and grow

rich! Clip coupons until you have a million dollars! It doesn’t work like that. Running a profitable business is hard work; managing the affairs of You, Inc. successfully may be the hardest work of all.

Still, I’ll show steps you can take to boost profit quickly—if you’ve got the guts. You need a budget. You need to spend less than you earn. To have any chance of achieving your dreams while you’re still young, you’ll have to spend a *lot* less than you earn. That means cutting costs on transportation and housing while boosting your income in any way possible.

But I’ll help you see that these choices don’t have to be tortuous. I’ll stress the power of purpose. Most personal finance advice skips this important step. The financial gurus will tell you *how* to scrimp and save, but they somehow forget to mention the *why*. When you have a *why*, you can bear with almost any *how* because you understand that when you opt to save for the future instead of spending on today, you’re not making a sacrifice. You’re choosing to buy your future freedom.

Whether you hope to escape the chains of debt, to save for a one-year sabbatical, or to retire within a decade, you can have the financial freedom you desire—if you’re willing to accept the role and responsibilities that arise with becoming CFO of your life.

Your motto must be, “The buck stops here!” Don’t blame anyone or anything else for your financial situation, and don’t expect somebody else to rescue you. Your financial fate rests in your hands.

Let’s get started!

About The Author



J.D. Roth is an accidental personal-finance expert, a regular guy who found himself deep in debt. After deciding to turn his life around, he read everything he could about money and finance.

In 2006, he started the award-winning blog *Get Rich Slowly* (getrichslowly.org), which *Money* magazine named the Web's most inspiring personal-finance blog. *Get Rich Slowly* has grown into an active community in which thousands of readers every month share ideas on how to improve their financial lives.

Roth is the author of *Your Money: The Missing Manual*, about which *Wired* magazine co-founder Kevin Kelly raved,

"This is the best user-guide to personal finance I've found, and I've probably read them all. It is certainly the sanest and most level-headed."

Roth contributes the monthly "Your Money" column to *Entrepreneur* magazine. He also writes for Time.com and Money.com. At conferences, he speaks about pursuing personal and financial independence. You can read more from him at jdroth.com.