

# Mastering the FISO Factor<sup>®</sup>

## Fit In, Stand Out

The Key to Leadership Effectiveness in Business and Life

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by Blythe McGarvie

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### Opening Your Mind (and Your Pocket) to Wealth

Recently, **National Public Radio** host **Cathy Lewis** asked me to explain how people can get out of debt and become wealthy. Listeners varied from young people just starting to earn money, to people who wanted to protect their nest eggs to allow them to live as they wanted. Given this range of interest, I determined that a few easily understood guidelines that could be followed with a little effort would be the best advice. Wealth is not a static situation. Money comes and goes. Even touted investment advisers will have good years and bad years. It's up to you to study and develop the habits to choose smart investments since maintaining your wealth matters most to you.

Here's the secret, as John Rosevear of the Motley Fool explained: "Are you sitting down? I'm about to reveal the great secret of wealth, the closely guarded hidden method used by the greatest wealth builders of all time. This is the one true path to riches, the age-old mystic secret passed down through the most successful families of all time and shared in whispers with the most fortunate among us. Are you ready? Here it is: *Spend less than you earn.*"

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### LIF's Lessons

People who are unable to motivate themselves  
must be content with mediocrity,  
no matter how impressive their other talents.

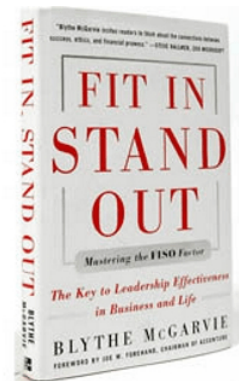
— Andrew Carnegie

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Of course, spending less than you earn sounds easy enough. However, if it were that easy, why would "getting wealthy" generate over 2 million hits through a quick search on the internet? Andrew Carnegie, one of the richest men of his time, knew that motivation drives all other decisions and actions.



McGarvie with Clint Allen, Founder of the **Corporate Directors Club**, discussing wealth preservation at Newport, Rhode Island.



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[amazon.com.](https://www.amazon.com)

Making money and managing money presents no difficulty if you open your mind, and pockets, to wealth concepts. Consider the following three steps:

1. *If you like money, be interested in minding your money.*
2. *If you want to know which companies in which you should invest, understand some basic financial concepts, such as cash flow.*
3. *If you desire choices, try "plastic surgery" in your wallet.*

Minding your money means if you don't understand an investment opportunity, don't move your money there. If you do understand the investment option, then track it on a quarterly basis to determine how the returns compare to the expectations. Do not rely on another's advice without understanding it. When sophisticated financial managers at firms like Proctor & Gamble, Orange County, and Gibson Greetings invested in derivative instruments in the mid-nineties, their mega-losses exposed their folly. After lawsuits and investigations, it became clear that even professionals jumped into investment vehicles without a clear appreciation for the risks and the returns involved. If it sounds too good to be true, it probably isn't true.

Cash flow provides oxygen for a company's survival and should be a factor when evaluating an investment opportunity. Understand how a company generates and uses cash flow in its business. Cash derives from three sources: operations, investments, and financing. A company's cash flow statements provide the entrails for understanding the degree of risk and cash creation that occurs during the quarter. Knowing a company's cash situation helps determine whether or not to invest or sell shares in a company. In addition, the internet provides access to financial statements and news that offer information about the integrity of a company's management.

Plastic surgery in your wallet means you need to cut up extra credit cards. Only use credit if you know you can pay off that debt in a thoughtful and managed manner. I discovered a FISO leader named Terry L. Mitchell, who learned this from personal experience. He writes: "I know there are people out there who have large families and/or limited incomes and are struggling to make ends meet. I know that not everyone can have as big of a pad as I have between my income and my bills. However, it hasn't always been that way for me. I grew up in a very poor family. We lived in the housing projects from the time I was six until the time I was 18. However, we were always able to pay our bills on time because my parents didn't buy things they couldn't afford... I didn't buy my first car until I was more than a year into my first full-time job. This is a lot of freedom that comes with living below one's means. When everyone around you is struggling to make ends meet and you're not, you really stand out."

The three steps to wealth will help you continue to accumulate, invest and protect what you own. How you use your money determines the value. Take some time to investigate an excellent free resource on the web called the **Financial Planning Tool Kit™** from CCH to learn more about a structured approach to building your wealth.

## Items of Note

On May 15, 2007, **Cathy Lewis** of NPR affiliate **WHRO** interviewed **Blythe McGarvie** on financial management ([Windows Media](#) | [MP3](#)).

In *Shattered Magazine*, **Blythe McGarvie** discusses how the next generation of leaders can adapt to the global business environment in "[Doing Business in Foreign Markets](#)."

**Laura Martin of Capital Knowledge** releases updated media company research reports on [Disney](#) and [NewsCorp](#), and a report on "[What is Google Worth?](#)"



**The FISO Factor®**  
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The *Mastering the FISO Factor Newsletter* targets leaders who recognize the critical importance of financial acumen and global perspective to achieve outstanding, sustainable results for their businesses. FISO means *Fit In, Stand Out*. Developing the FISO Factor is the key to leadership effectiveness in business and life.  
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