



The Law of Capital

The Law of Capital - your most valuable asset, in regards to cash flow, is your physical and mental capital, your earning ability.

Your Earning Ability

You may not even be aware that, unless you are wealthy already, your ability to work is the most valuable asset that you have. By utilizing your earning ability to its fullest, you can bring thousands of dollars each year into your life. By applying your earning ability to the production of valuable goods and services, you can generate sufficient money to pay for all the things that you want in life. The amount of money that you are paid today is a direct measure of the extent to which you have developed your earning ability so far.

Use Your Time Well

The first corollary of the Law of Capital says: "Your most precious resource is your time." Your time is all you have to sell. How much time you put in and how much of yourself you put into that time, largely determines your earning ability. Poor time management is one of the top reasons for poor productivity and underachievement in every industry and the number one problem for owners, managers and salespeople in every field.

Invest Yourself Carefully

The second corollary of the Law of Capital says: "Time and money can be either spent or invested." One of the smartest things that you can do is to invest three percent of your earnings every month back into yourself on personal and professional development, on becoming better at the most important things you do. In fact, if you just invested as much in your mind each year as you do in your car, that alone could make you wealthy.

Invest one hour of your time reading in your field every day. Listen to educational audio programs in your car. Attend every course that can advance you in your career. Get personal and professional coaching to help you break through to the next level. Achievement and success are about seeking the right help to overcome obstacles.

Get Better At the Things You Do

There is nothing that will give you a bigger and better "bang" for your buck than reinvesting a part of your time and money back into your capacity to earn even more. All successful people have learned this sooner than later, and all unhappy people are still trying to figure it out.

Increase Your Return on Life

The third corollary of the Law of Capital says: "One of the best investments of your time and money is to increase your earning ability."

The purpose of corporate strategic planning is to increase "return on equity" or ROE. This requires the constant organizing of corporate activities so that the company is earning the optimal return on the capital invested in the organization. In your work life, your personal equity is your mental and emotional capital. Your job then is to earn the highest possible return on your human capital, to increase your "return on energy." This way of viewing yourself must become an essential part of your attitude throughout your work life.

Action Exercises

Here are two things you can do to apply this law immediately:

First, make a list of your "Output Responsibilities," the things you do that represent accomplishments, not activities. Examine the list and then align your tasks and prioritize on the basis your "Output Responsibilities."

Second, resolve to work on your most valuable tasks every minute of every working day until they are done. Do your very best on every task.