



## **The Best Way to Learn: My Education in Active Learning (Episode 002)**

**0:00:18 Andy:** Hello, Andy Tanner here, welcome to The Cash Flow Academy Show. We congratulate you for listening, we welcome you. This is gonna be a great show. The podcast is designed to discuss all things cash flow and really this is different than some podcasts, some podcasts I listen to for entertainment like my martial arts podcast and they'll bring in fighters and things like that and it's really just interesting, it's a fun pastime that I enjoy.

What makes this podcast different is this podcast is designed for your enrichment so you can actually get more, it leads you to learn and do and discover the things that will actually bring you more cash flow in your life so in that way, we'd like you to get paid for listening I suppose, that's enriching to you and it makes a big change.

And the reason I say that is this particular episode is very important because it's the beginning of that process, where does cash flow come from? And as I thought about different topics that would be helpful and useful and very valuable to all of us, one of the things that one of my good friend said, Andy, how does a person get started, how did you get started and how did you learn about investing and about the idea of creating your own income instead of a job? And so I'm gonna tell you a little bit about my story, this is something I don't know that I've told in my lessons or in the classes that I've thought online or otherwise. And so I think there's some things we can learn from and I was very fortunate first of all but we can also create our own luck.

So let's talk a little bit about this, where does cash flow come from? Well, a lot of people say it comes from assets, it comes from buying real estate or investing in the stock market or starting your own business or buying an oil well and selling commodities like oil. And that's certainly true, it does come from that but the way I see it really is cash flow comes from what you know, comes from your brain, it comes from the level of your education. You see the stock market is also way people can give their money away pretty fast and the real estate market is taking its share of peoples' futures from them.

I have a good friend, he went to investing cash flow and ???[0:02:52] increasing the other 20 million dollar bankruptcy to file, excuse me, 200 million dollar bankruptcy to file when things went south in the crash. I know business owners that have had the business gobble up their money rather than provide it for them. So when a person reads a book like my good friend Robert Kiyosaki, great mentor, Rich Dad Poor Dad, we said okay, we're gonna buy these assets and that's where cash flow comes from and that's true but there's always two sides to every coin. I can find many investors that have successfully invested and created their own income, I



can also find a lot of investors who've given all their money away and end up poor not rich because they went out to buy assets.

So what's the difference between the people that participate in the real estate market and stock market investing that make money and cash flow knows that don't? Well, again, it's their education. And so a lot of us don't think of us having an education problem or an ignorance problem, a lot of us think of having money problems and that's a huge paradigm shift to have as you listen to think about this is: is it because I don't have money that I'm not wealthy or is it because there's things that investors learn that I haven't learned.

If we look at someone like Warren Buffet and Donald, list all the billionaires, Cuban and Buffet and even multi, as I called the centi-millionaire if you've got a hundred million dollars or more, something like maybe a Mitt Romney or a Robert Kiyosaki or someone like that. Deca-millionaires, centi-millionaire, billionaires, these guys if you wipe them out and you make them start over, the consensus is they'll make it again. Trump has actually done that a couple of times I think with bankruptcy. So as their education that makes the difference and so a lot of people wanna go pursue the assets instead of pursuing knowledge, their focus is on what I should buy as opposed to what I should learn.

So in telling my story and how I learn about investing and about the idea of creating my own income, it's not a story of going out and purchasing the right stuff, it's a story of how I learned it and this is really the core of our message to you in this podcast is investing, buying large, in my experience, one of the things I know is it's not an education traditionally like you think you can in school. So for instance, I want more cash flow in my life, Andy, I'm sincere and I'm honest and I'm listening because I want more cash flow in my life today and I wanna start that process or ramp it up to a higher level. How do I start that education or lot of people think let's go to school and open a book or have a teacher explain it then we take a test and that's how we think about education, we think about learning in terms of our childhood experience, our adolescence and our young adulthood in college. And certainly you can learn some things that way, reading, writing, math, science, history but investing is much, much different.

So I like you to think about some of the other experiences you've had where you learn something where you've not read a book on it or you didn't take a class on it, if you ever learned something in a different way. Well, in my life, I've learned things a lot of ways. For example, one of the things I did as a young man, can't do it anymore, but I used to enjoy the game of basketball. I had a scholarship, first went to junior college on little scholarship to play basketball and then I got to play the university. And I never read a book on basketball, not one time, never read a book on basketball and the lectures were so much different because I was sweating. Now, certainly in my organic chemistry class, I was sweating, sweating in that one



big time man and there were some times in my calculus class is boy, I was sweating particularly on the test but it wasn't sweat as profusely as in basketball practice because we didn't learn by reading and we didn't learn just by listening. We learned it by doing, in other words, coaches said this is what I want you to do, isn't that interesting? He didn't say: this is what I want you to study or this is what I want you to research or this what I want you to go find out information about or this is what I want you to memorize, he said this is what I want you to do and it was called active learning I think it is what they call it nowadays, it wasn't a passive experience, it was an active learning experience. And I think that's a great place for me to start about how I learned about investing and creating my own income. I learned it on the basketball floor because I learned how to compete, I learned how to deal with difficult emotions, I learned how to deal with pressure, I learned how to deal with mistakes, I learned how to deal with losses, I learned how to deal with failure, I learned how to deal with different personalities and chemistry and there were trying times on the practice floor very difficult emotional times where I was pushed in more severe and intense ways mentally, emotionally, physically than anything that ever could happen in the classroom. Certainly I had some nervousness about test that were naturally but boy, it didn't compare and I think that was the beginning of my education is learning that I could learn in other ways.

Another interesting one is when I would go to my drum lessons as a kid, my sisters all played piano and I didn't really like classical, the classical musical usually begin with a piano, I was a more of a rock and roll guy and so I chose drums as my musical instrument. And the same thing happen when I show up to my drum lesson, I sat behind the drum kit and I didn't read a book, I know it out a music book but it wasn't something that you read to study, it wasn't music theory, it was actually music. And so we would play these rudiments and we would drill and I would physically learn things and it was just an active learning experience rather than a passive learning experience.

So how did I get involved in investing? Well, when I was finished with my college experience, my major was exercise physiology, I didn't wanna do that, I want to eat donuts, I want to eat pasta 9 o'clock at night, I battle the bulge all the time. When I play basketball, I was in shape because I love the game of basketball not because I love to exercise. And so it's interesting you see the guys that love the game and love the exercise, when they're out in the NBA, some guys like Karl Malone have stayed in great shape, Charles Barkley struggled because I'm like Charles, I love the game but I also love my donuts and if you take away the game, boy, the donuts were there.

And so it was and I said, hey, what can I do? And I actually got in to started a business and I got in to sales and I had to learn how to sell and I had a small company I started wound up failing that was in the ecommerce business, did well for a while and then it failed. By learning



about ecommerce and someone once asked me to give a speech on it and I gave a speech on ecommerce and it launched a bit of a speaking career, I've discovered I had a great way of explaining things, I love the crowds, I love teaching and there was a company, they eventually, I think they've changed their name over the years, I wanna say Razor Data. And what they did is, that was ran by a guy named Ret and he was really the first stock experience I had is he said, hey, we have this great software, online trading was starting to happen as Al Gore invented the internet according to him and so now we have the internet. People say gee, I don't need to go pay a broker do this, I can build myself thru the internet.

And so there was software coming out that could have get people access to this. And he said, hey, you're a decent speaker, would you like to pitch our software at this symposium type of a thing, at a conference. It was like, get up, speak, explain it, pitch it for us. And I said, no because I didn't know anything about it, I didn't have an education, I hadn't taken economics classes in college due to great degree, I hadn't taken courses and read books on stock trading, I just have never done it. And I realized, you know what? I didn't learn basketball and I was certainly better at basketball than I was at chemistry and even though I took a chemistry class, it didn't make me good at it, I passed it, I got through it but I certainly wasn't a chemist. I became a basketball player because I did it.

And so I reconsidered and I began to be mentored and I did something that I highly recommend you guys do is open up a paper trade account where I could begin to use their software and do it and I learned by doing. Now, the neat thing was about a paper account that I discovered is I didn't have to have any risk, it was much like Dale Edgar's Cone of Learning. Dale Edgar was a professor at Arizona State I believe, Arizona State University, might have been University of Arizona, one of the two. And I think it was the late '60s he discovered, he was studying how the brain learn things and he said, wow, what we found is reading ironically even though we do so much reading in traditional school, reading is probably the worst way to retain something and master a concept, we don't remember it, we don't become proficient in it. He said that's the bottom level, listening to lecture is also the bottom level and he divided in the passive learning experiences and active learning experiences and he found that the people who retained the most that had mastery of the subject learned it by active learning instead of passive learning. There was a difference between a lecture and a lab and a lab is much more powerful than often a lecture is. And so it was and that was my learning experience is I never, I didn't begin by reading a book, I began by opening up a paper trading account and then working with a mentor over my shoulder and that in my opinion is the best way to learn something.

I don't wanna bash books, I enjoy reading, I read all the time and generally when I wanna learn about a subject casually, I'll get a book on it but that, if that subject strikes my interest, I



will graduate from books very, very, very, very quickly and find experiences of doing active learning experiences.

And that's really the best answer I can give is say, Andy, how'd you learn how to do this? I found active learning experiences rather than passive learning experiences. Investing is too important of a topic to learn from a book. It's interesting how we get addicted to books or not addicted but closed in on books, we get myopic with a book. And I often have people email me, Andy, can you recommend a great book on investing? And I say, yeah, I can, my book and I don't say that in any type of real seriousness, I say it in jest because here's what I've learned and it took me a long time.

I've traveled the world and this is a great thing for you to think about as you begin your financial education for cash flow, do you wanna read books about cash flow or do you really want the real cash flow? If you wanted to learn something, what sounds more appealing to you, an active learning experience or passive learning experience? And so I've traveled all around the world and there's a couple of very popular books in self-improvement, personal development circles, one of them of course is Steven Covey's The 7 Habits of Highly Effective People and this really speaks to the truth of Dale Edgar's Cone of Learning. I will stand up on a stage and I've done this on stages with a thousand people in front of me and I've said, I want you to raise your hand if you've read the book The 7 Habits of Highly Effective People, of course they'll raise their hands. And there's usually a large percentage of an audience that's read that bestseller, it's been around for years and I said great. Now, keep your hand up if you can name the 7 habits and every hand goes down. And in all the times I've done this, I've done this dozens and dozens and dozens of times all around the world, never a one time, not in a single instance, I didn't happen to find 1 savant rain man with a brain that could say, yes, I've not only read the 7 habits, I can recite them in order right now.

Think about that for a minute, if a person doesn't know what the 7 habits are, has he learned them, is he practicing them, is he conscious of them? And so even though we have thousands of people raise their hand having read that book, not one of them ever mastered the 7 habits, in fact, they couldn't even recite what they are. And I want you to think about how profound that is.

Now, when I recite them to them and I say, well, the first one is to be proactive. The second habit is to begin within the mind. The third is to prioritize your life and put the first things first. The fourth one develops better relationships, you think win – win, if I need to win, you need to win. The fifth is possibly my favorite is to seek first to understand people before you seek to be understood which is a very important one I think for a teacher like myself to understand, seek first to understand the student, seek first to understand what my listener is feeling before I



speaking to be understood. And of course to synergize and combine efforts to create teamwork, it creates a better result than anyone could do individually, add it together. And then finally is to sharpen the saw which is what you're doing right now, you're making yourself sharper, you're making yourself more informed, you're taking time to ponder and to think and to improve yourself. So if I can't list the 7 habits, I'm certainly not learning them in any way.

Same thing with the book Rich Dad Poor Dad, I think if my numbers are right, well, one thing I do know is the number one bestselling personal finance book of all time and I don't think anyone in second place is close, it stands alone as supreme. It's sold I believe over 30 million copies worldwide, I believe it's in over 90 languages now and a whole new generation of people are discovering the book, it will be timeless forever, it will always be the cornerstone of that library. And in that book, there's 5 lessons, the first one, the rich don't work for money and it goes on from there. The last one of these 2 bookends, the rich work to learn which speaks to the idea that cash flow does come from our education. And I'll do the same thing, I'll pull an audience and I've travelled the world with Robert Kiyosaki and when I asked that question, no one can name those 5 lessons, those important chapters. They've read the book, they've told their friends about it, they get excited about it and they believe they've learned it. And I say, what I tell people those examples, the reason I pulled them is I say do you think Steven Covey knows the 7 habits and do you think Steven Covey understands the 7 habits? And do you think Robert Kiyosaki understands the 5 lessons in Rich Dad Poor Dad?

And I said if you want to really make money, don't read books, write them because writing a book believe it or not is an active learning experience. I learned a lot about 401k-s, no question, I learned enough about it I thought I should write a book on it but when I actually wrote the book and began to research the parts of it that I feel I didn't know as well that I should know if I'm gonna author a book, boy, writing the book was a tremendous experience. And what's interesting is when you're asked to be on the radio, someone's going to interview you to be on the radio and someone will call me and say, Andy, will you come on the radio? I say, why do you want me on your program? They say, well, you wrote the book on retirement programs, you wrote the book on 401k-s therefore we want you on there. See, the person who writes the book is the person that learned it not the person that reads the book. If you wanna learn something, start to write a book on it.

I have books that I've written that I'll never publish because I didn't write them for other people, I wrote them for me, I wrote them to figure out the answer to a problem or I wrote them to actively learn something which comes to another thing about teaching. If you want to learn financial education, begin to teach financial education and you don't need to teach it like I've taught it on stages all over the world, you can teach it to your children, you can teach it to your nieces and nephews. See, when you decide to learn by becoming a teacher of something,



it forces you in a much more powerful way to be able to articulate, understand, remember and master a topic and it's the teachers that are the most knowledgeable on a topic not the students, it's the authors that are most knowledgeable on a topic not the readers.

Ironically, the person that's made the most money from the book Rich Dad Poor Dad is Robert, the person that made the most money from the book 401 Chaos is Andy, is myself, so it's an opposite way of thinking of financial education. Most people think about taking up a book to learn from reading it. Very few people think about writing a book as an educational experience or if people say, you know what? I wanna take a class on yoga, you know what? Start teaching a class on yoga, you'll get better at it. The teacher will always know more than the student always and so to become a teacher, to become an author to produce materials, very, very educational so interesting way of thinking. And that is really the answer, again, to the question that was posted, Andy, how did you learn about investing, how did you learn about paper assets, how did you learn about this context of creating your own income and business? You learn by doing it, you learn by saying, how do you teach if you don't know it, well, you do your best.

I remember going back to this invitation I had from Ret he says, hey, go, we have this software program, go pitch it to these people, go sell it, teach them about it. And I remember at the symposium the first time I offered it in his behalf, I didn't wanna job, I was just an independent contractor and I could do few speeches here and there in addition to my own business and so I said yeah, I'll do that. So I remember getting on the stage and I said, well everybody, I want to tell you there's people in this room that might know more about investing than I do, in fact, I'd guarantee it because I just opened up my trading account 2 weeks ago but what I have is I've learned about a wonderful software program and that's one thing I've learned about and they said, share it with you if you like it then you can take home and continue to learn with me. And you know what? It's no problem because I did know about a software program they didn't know about, right?

And that is really how it came to be as I fell in love with teaching it as well as beginning to learn how to do it and I still learn the same way today every week. I have sessions with my mentors, I have some great mentors and Corey Holiday is a mentor I meet with weekly, we don't necessarily broadcast that particular session but I meet with him weekly. I meet with my mentor Nora Davidson weekly, I have mentors of, Bret ???[0:23:58] is a wonderful mentor for me and so there are many, many people that teach me in my life but it's always in an active sense.

Now, have I read books on investing? Of course I have but I will tell you that it's the active learning that happens. And I still do this in my life in sports day, tomorrow is my jujitsu class,



when I show up to that jujitsu class, it's just like basketball practice was when I was a kid. I'm gonna sweat and I'm gonna feel pain but I'm gonna have to deal with emotions and the battle within myself and all those things that happen with investing. So that's a little bit how I got started, I became a teacher of it and that forced me to become a better student of it and we did it by simulating the real experience.

So what can you do? What actions can you take with this particular podcast, what things you can start in your life that would be a first step towards cash flow? Well, I don't care what asset class you feel is right for you, if you like paper which is the one I teach most often, I'll tell you one thing you could do is begin to practice by opening an online trading account and what's called a paper trading account. These are easy to do, many of them will let you have them for free hoping you will put some real money in there some day.

But I think about my son, and another thing, how valuable, what value do you place on your education, what value do you place on it? People often think in their own mind they want to be rich and I don't know that I believe everyone. It was a great, great lesson for me when I first got married, when I first got married, I went to see, I didn't have a rich dad and the book Rich Dad Poor Dad have not been written yet back in those days. And so I had a friend, ironically his name was Rich and he had red hair so we call him Red and I went to my good friend Red, we played a lot of basketball together, had a lot of fun together growing up and his father was an investor and I knew, he was the wealthiest guy that I knew was my friend's dad who's the wealthiest guy that I knew and his name was Lyn. And went to see him in his office and it's surreal when I read the book Rich Dad Poor Dad because I connect with this so personally because it was before the book was even written. And so I went to my friend's rich dad and I took my wife, newly married wife with me and I said I want to be rich and he laughed at me in a way. He said, let me tell you, everybody thinks they want to be rich, he said no, to be wealthy, you really, really, really need to have a burning desire to be wealthy, you really have to want this. And he made us commitments, certain things he outlined that we would have to do that would stretch us, that would stretch us financially as a new married couple making no money at our silly little incomes and when we first started out.

And so when you think about someone says I want to play the piano, well, what type of investment of 3 things, I'll look at 3 things that it can prove whether or not they really are serious when they say they wanna play the piano. The first one is: are they willing to put in the time to learn how to play the piano? My sisters are very accomplished and that was to my detriment because our household growing up had piano constantly, it drove me nuts. When they invented the Walkman, it was the best thing in the world coz I finally had a way to block that stuff out and had my rock and roll dominate instead. I'll tell you, the piano was pounded and pounded and pounded hours on end in my home growing up with my older sister and my



younger sister, it never ceased. And I'll tell you, they wanted it because a kid that's forced to practice, we'll put in just 30 minutes a day and be done. These guys practiced more than 30 minutes coz they wanted it, they practiced for hours and became extremely accomplished.

The second one is: are you willing to put in the energy and the hard work during that time? I can go to the gym and I can even sit down in my drum kit and play the things I already know but am I willing to push myself in putting the energy to learn new sticking patterns, new rudiments? Am I willing to go to jujitsu and am I just gonna play with the white belts? I'm 6' 8", I'm close to 300 pounds, I'm closer to 300 than 200 unfortunately, I've got times in my life when I'm about one cheeseburger away from hitting 3 bills. Do I find a 120 pound white belt or do I go with my professor who just destroys me who is the 3<sup>rd</sup> degree black belt who studied this for 20 years by doing it. And so am I willing to show up to the gym and put in the time? Yeah. But am I willing to put in the effort and is it excites me, does that pain scare me or does it entice me? Am I scared of investing or am I excited investing? And am I scared of making mistakes or am I bring it on, I wanna learn from my mistakes?

So and then the third is financial, you can tell where a guy's heart is by where he invest his money. And if you and I say that we value our education then we're gonna pour our resources in to that. My son likes piano, I don't know if he likes it as much as my sisters like it, he hasn't practiced at this age as much as they did, he's consistent and he does it every day and he doesn't complain but we'll put 100 bucks a month, his teacher is great, she's not expensive at all, I mean, what's 100 bucks a month? So it's 1,200 dollars a year and over 10 years, that's 12,000 dollars. So if he goes from the age 8 – 18, we'll invest 12,000 dollars in to his education to piano by active learning, a 12,000 dollar investment active learning. Would you do the same for real estate class, real estate mentorship? Would you do the same for business coach? Would you do the same for a coach in stock?

And so those are the 3 things, time, energy and money are the things that show that we're serious ???[0:30:37] I want a book, you can read a book on an airplane flight usually most of it, 2 – 3 flights, you can usually get through 150 – 180 page book and they're 10 bucks, they're 12 bucks, they're 15 – 20 bucks. Books are, so that shows a very light interest and dedication but when someone wants to really learn something, they pour themselves in to it.

So this is how I would recommend that you start. First get a paper trade account, these don't cost any money, they do take time and they do take effort and consistency and say, you know what? For, I'm gonna start 20 minutes a day, 10 – 15 minutes a day, I'm gonna look at the stock market every day and I'm gonna open up my paper trading account and I'm gonna look at some charts, I'm gonna buy and sell some stuff and I'm just gonna start getting a feel by doing it. Now, if you make mistakes in the paper trading account, that's awesome because then



you see how to lose money, you see what not to do and that's how I learned to play basketball by turning the ball over, by fouling people, by losing track of who my guy was, all that type of stuff.

And by mistakes, I think mistakes are the best way to learn and you only get to do that in active learning, real mistakes, you can get a question on a quiz wrong, I guess that's a mistake, that's more being wrong than a mistake. But in active learning, in jujitsu I make mistakes, in playing the drums I make mistakes in playing a song and it's by making those mistakes where you say, okay, that didn't sound right or that didn't feel right or that didn't work right, let's evaluate that and do something different and see why I made that mistake. Mistakes are so wonderful in active learning, they're such great teachers and school teachers knows that mistakes are bad, no they're not, they're great, they're great teachers. And so it's a different paradigm, get your paper trading account, put in your 20 minutes, put in your 10 minutes and see if it's something you like and if you begin to become fascinated with it and you say, wow, I just made some money here on paper or this was an interesting mistake, I wonder how this could be fixed and that piques your curiosity well then you can take a next step and go find a coach or mentor anywhere and begin to find people who have had success with it and invest in your education.

So that is a little bit on how I got started, I got it started by doing active learning rather than passive learning and if a person really is sincere and honest about saying, you know what? I really do want a monthly cash flow, every bit is a person serious to say I wanna be a doctor or a lawyer and I'm gonna go to school for that, well, we go to a different school for investing, it's called the experience.

So there you go, that's a little bit about how I got started, it's been an incredible ride since then and I'm still learning. I've learned, I've been doing this for years and years and years and I still learn new things all the time. I don't see education as an ending where, okay, here's a 4 year program and now you're done learning, you're finished learning, not at all, I imagine I'll keep learning for the next 20 and 30 years if I'm lucky to make it that long to get that far.

So again, congratulations for listening to this podcast of The Cash Flow Radio Show. I hope this was helpful for you in this first step of realizing A: cash flow comes from education not necessarily assets, we can find people who've purchased assets and lost money, it's the people that have been educated that tend to do the best, it comes from education. Number 2: as we pursue education, there's active experiences and there's passive experiences, it's been my experience that active learning is superior. I think Dale, Dr. Edgar Dale is correct that by actively learning, it's better than passive learning. Number 3: we can tell if we value the education by what we put in to it, we can tell how much value and passion it stirs inside of our hearts by the



amount of time we put in, by the amount of work we're willing to do in that time and by how much of our own resources we're willing to allocate to that skill to create that wellspring of success.

So I hope you take action, I hope you googled on the internet and google online trading accounts or paper accounts and say I wanna paper trade, click on some of those links, get yourself setup and even if you're just spending 10 minutes a day, even if you don't know what you're doing yet, just open it up, look at the stock market, type in a search for a stock that you like, maybe you go to Home Depot and you want to buy Home Depot, maybe you use an Apple computer and you wanna buy some Apple, buy some on paper and watch how it behaves each day, decide when you think you should sell it and see what that does to you as you begin to learn actively by doing, you can learn more by writing a book than reading one, you can learn more by teaching a topic as a teacher than being a student, active, active learning.

And I also wanna give a shout out to some of my business partners on my team. Most of the topics that we'll be covering at podcast will not come from me, you wanna seek to understand before you understood and we run polling and we give quizzes out about what do people on our team want to learn and what do our students wanna learn and one of the questions people say is, Andy, how did you learn about investing, how did you do it? And that's the story, I learned it by teaching it and I learned it by doing it and I learned it that way far more than anything you could read in a book.

So I hope you enjoyed this episode of The Cash Flow Academy Show, this is Andy Tanner and I'll see you next time.

**END**