The Core Requirements for Building Wealth

By Gerald McNabb

Becoming wealthy is not an accident. It is the result of consistent, disciplined actions over time. Wealth is built by mastering a few key disciplines and relentlessly applying them. If you plan to become wealthy, here are the core requirements you must meet:

Profitable Business Model

You must engage in a business activity that produces a profit significantly greater than inflation. Although U.S. inflation rates vary, a long-term average of three percent is reasonable. Your net profit must consistently exceed this baseline by a significant amount.

For example, Warren Buffett has historically achieved an average return of about twenty percent. After subtracting inflation and taxes, the remainder is what you can reinvest and compound. Maintaining a mindset of reinvestment—rather than spending on a lavish lifestyle—is critical. Your business must allow you to continually reinvest profits to achieve compound growth. In effect, your business should become a “cash cow.”

Stable Core Business

The foundation of your wealth must be a stable, even boring, business. It should operate with well-understood methods and routines, to the point where it could nearly run itself. Warren Buffett’s description of being "lethargic" about buying stocks captures this idea: successful business models do not require constant reinvention.

Persistence Over Time

Wealth is built over a long period of time. You must maintain your focus despite economic cycles, personal challenges, and market shifts. Whether your business involves ownership of private enterprises or public securities, your model must be durable across both bull and bear markets.

If your business only thrives during certain parts of an economic cycle, it may not survive over the long term. For market-based models, back-testing performance across difficult periods is essential to identify vulnerabilities.

Resilience After Setbacks

Both you and your business must be able to recover from shocks. A well-constructed business model should be minimally affected by temporary disruptions. When serious setbacks occur, it is almost always better to recover and rebuild rather than abandon the model altogether. Persistence through adversity is critical: pick yourself up, reassess, and continue building.

Consistency of Delivery

You need a clearly defined product that you deliver consistently. If customers expect custom solutions, you will be distracted from improving your core product. It will be harder for you to scale your business. Your model must present a single, reliable theme to the market, creating predictability for your customers and efficiency for your operations.

Willingness to Pivot

Most wealthy individuals did not become wealthy from their original business. Amid success, you may discover a new opportunity, and you must be willing to consider changing your core business model. It may be presented to you because you are already successful. Recognizing when to pivot—and committing fully to a better opportunity—is often the turning point that leads to true wealth.

Scalability for Growth

It is unlikely that you will become wealthy if your business depends solely on your personal effort. Scaling means building a system that grows beyond your direct input.

One path to scalability is attracting outside investment, such as incorporating and selling common stock, which allows you to expand operations more rapidly. Another option is issuing preferred stock, where investors contribute capital without obtaining ownership control. Regardless of method, the key is to generate profits using other people's money while maintaining the efficiency and integrity of your core business.

Conclusion:
Wealth is not built through one-time actions or lucky breaks. It is built by applying proven disciplines, adapting intelligently, and staying committed over the long haul.