



THE LANDGEEK

The Best Passive Income Model Podcast With Mark Podolsky, AKA The Land Geek

Mark Chats with Mike Michalowicz,
www.MikeMichalowicz.com

Transcript

Mark: Hey it's Mark Podolsky, The Land Geek with your favorite nichey real estate website www.TheLandGeek.com and today I could barely sleep because my guest today is, I'm going to put on my anchorman voice, he's a big deal. Mike Michalowicz author of one of my favorite business book "The Pumpkin Plan" and if you don't know Mike you should know Mike. But by his 35th birthday he had founded and sold two multimillion dollar companies and pretty confident he had the formula of success. He became an angel investor and then proceeded to lose his entire fortune but then he started all over again driven to find better ways to grow healthy, strong companies among other innovative strategies.

Mike created the *Profit First* formula, we're going to talk about that, a way for businesses to ensure profitability from their very next deposit forward. I'm really excited to talk about that. Mike is now running his third million dollar venture, he's a former small business columnist to The Wall Street Journal, he's a former MSNBC business make over expert, he's a public key note speaker on innovative entrepreneurial topics and the author of some of my favorite books: *The Pumpkin Plan* and *The Toilet Paper Entrepreneur* and his latest book *Profit First*. Mike Michalowicz how are you?

Mike: I'm good. I'm waiting for the explosions to go off, the dancers to come; what an intro man that's cool.

Mark: Yeah they're coming. I'm really excited for you because finally you're on a prestigious media outlet.

Mike: Yeah.

Mark: You've lost your journal at MSNBC okay fine but...

Mike: Kwak kwak that's [Indiscernible] [00:02:06].

Mark: Yeah. Now you're on the best passive income model podcast. Congratulations Mike Michalowicz.

Mike: Well thank you and it's truly an honor to be here I appreciate it.

Mark: Yeah no worries. All right. Mike let's just skip the niceties here all right. What the heck happened with you and your companies and being an entrepreneur? Give us the background, the back story of your super hero entrepreneurial story.

Mike: Sure. So I'll go kind of through it with four points. I graduate college, can't find a job, I started a business, never inspired to be an entrepreneur but that's what I fell into; it was an IT space. Well it's amazing how important fear is. I didn't realize [Indiscernible] [00:02:49] but fear is a great motivator to get you up at 4:00 in the morning and work until 4:00 the next morning. So while the business struggled in the beginning I had to feed myself and might as well family at the time. That business just by raw efforts started to get some momentum and that's the point where I fell in love with the entrepreneurial side. Realizing that success for me at least wasn't just raw hard work that had transitioned into something a little more intelligent. So that business ultimately got some legs. I sold it to a private equity then I started a second company in computer crime investigation and that business at right place, right time got part of the Enron trial among other major cases going on in the US and that company two and half years after starting it, I could have just kept it, sold it to a fortune 500.

Mark: Wow.

Mike: Yeah but I think this is the interesting part of my story at least I think it is. It was after I sold that company. I like to say the only thing bigger than my bank account was my ego. I thought I was God's gift to entrepreneurship, I know it all and what I did was I became an angel

investor. I started using my own funds and I'm in my mid 30s at this point. I used my own funds to start these different companies and they all started falling and collapsing. As it was happening I'm like oh I'm positive my [Indiscernible] [00:04:21] enough money into that because I'm here and I'm the smartest guy in the world and so I put more money into these business and more and more and they kept on failing. I was so addicted to this losing strategy I actually lost every penny I had made and I actually wrote about in my most recent book about the impact that I had on myself but I ultimately went to depression and had to refine myself and I did as an author. That was my restart, my refresh becoming an author. I now own a couple of businesses and have more than recovered but the one thing that hasn't come back and I hope never will is my ego. I hope that's been permanently ripped out of my soul.

Mark: Yeah. It's so interesting because in *The Pumpkin Plan* you kind of talk about ego being such a major barrier to success with entrepreneurs. I think the first example is a guy he's the entrepreneur, he come to you and he's like Mike I'm struggling but he's got a Cadillac Escalade. Right and you're looking...

Mike: I know exactly the guy yeah.

Mark: Yeah and you're like that's the first thing I would get rid of. Like let's cut your expenses. Like what are you driving an Escalade for you can't make payroll and it comes back to ego. And then you've got the other extreme example of the guy who's really successful on the outside but now he's trading his time and his energy and his family life just for money and he has no freedom. So he's got money but he's got no freedom and he thinks he's the only one who can do it. He has no systems, he has no processes and that's ego too.

Mike: Isn't that funny because we start our businesses typically to avail more time and avail more money yet it takes more money from us and it takes more time from us in many cases. It does the exact opposite of what we intended.

Mark: Right exactly. The interesting thing and I think the dilemma when you're an entrepreneur is that the cheapest person you can hire is yourself. So Mike how do you get to that point or when do you know when you get to that point? Number one you've got a profitable enterprise. Number two when do I make my first key hire and when do I start building these systems?

Mike: You know you have a potentially profitable enterprise once you start experiencing repeatability. One offs is not necessarily profitable okay and it works. If you're an artist like Picasso you're known for having your one-offs, these very custom unique things but a one off requires inevitably the artist. It requires one person to do all the work so you then cap yourself on how much you can do because you're limited on time and the only way to make a substantial income if that's your objective then it's by achieving this elite status like a Picasso or something.

But for most entrepreneurs if you want to be successful it's about achieving repeatability and my analogy for this is doctors. If we look at the general practitioner he does everything for everybody. He can check out that skin rash you have, that strange cough or whatever it is but the second he identifies that cough is actually maybe an indicator of something terrible like lung cancer or that skin rash is skin disease then he sends to the specialist. And the specialist she makes a massive claim because all she does is lung transplant or whatever. Now there's fewer clients out there that need lung transplants that need to go and to get checked for a cough but she's specialized in a repeatable skill that's highly desirable and therefore she makes a massive premium and the generalist doctor is... they can't even pay off their student loans and they're entrepreneurs too. They run businesses too.

[Indiscernible] [00:08:34]

Mark: But Mike are they really entrepreneurs? Because I think they still lack in economic dependency. If they're not working, they're not making any money unless they've figured out a way to have some type of associate do the work.

Mike: That's a good point. Maybe they should realize they're entrepreneurs. They do the work but they also run a business. The ones that don't realize they're entrepreneurs they become freelancers, just do the work when it's available.

Mark: Right exactly and that's one of the things that... Like when I first got out of college I worked at dentists and I saw that all the time. These guys were really struggling because they thought they were entrepreneurs but they really weren't acting like entrepreneurs. They were just doing dentistry and the only passive income they had was a hygienist and then sure enough a new dentist comes in, in their three mile radius and they split the patient base and it's a tough gig.

Mike: I think entrepreneurship is actually harder than doing the work because it requires such discipline. It requires [Indiscernible] [00:09:42] and the work presents itself especially when you're small. You have to have the discipline of not doing it right away but thinking how can I get this done in a repeatable format. If I do have to do the work myself how I'm I staging it so that someone else or something else can ultimately do the exact same thing next go around. It requires a lot more thought. In doing work you get into a routine, it's almost like an automatic must read, just okay take up look, dial on Skype, get these microphone set up and we start podcasting and we're going rip. That's the easy part. Thinking through the structure to get this done, this system so it's consistent but the end product is fantastic that's the hard part. When it comes to doctors or any kind of person that runs a business the entrepreneurial side that had part it's often ignored and they just do the work and they think they're entrepreneurs but they're not.

Mark: Right exactly. So you sell these companies, you've got a lot of money now is that when you wrote *The Toilet Paper Entrepreneur* or did you go into angel investing and then start writing *The Toilet Paper Entrepreneur*?

Mike: *The Toilet Paper Entrepreneur* I was writing during my collapse. I was in the final stages and it's kind of funny like as I look at it. It reflect back in that stage in my life like there's the ego is kind of hopefully gone by that point but there's like this spank and aggressiveness in how I write because there's this angry part of me. So there's a lot of F bombs in the book except not to be egregious but to really drive and emphasis points. So it's an interesting turning point for me but I wrote that book... Every book I've written is a lesson I need to master for myself. I realize I had to go back to the ultimate and bootstrapping business so are you going to write a book about it and then live by that. So that was the base for me.

Mark: What's like the big take away from *The Toilet Paper Entrepreneur*?

Mike: The big take away is... and I'm kind of a contrary in this to test the word. A lot of people believe it takes money to money. So many entrepreneurs who are at the gates say I got to raise funds, I've got to get VCs or angels to fund me and I found that more successful businesses actually start with less money and the less money they have overall the more successful they are. It sounds counter intuitive but unless you know what you're doing money just allows you to do the wrong things faster and better.

Mark: It's so true. I agree 100% with that assessment because one of my friends here... I mean I won't go into it in detail but he failed because he had too much money.

Mike: Isn't that funny. I read the book...

Mark: Yeah. I mean e-cigarettes crazy.

Mike: Oh my God.

Mark: Yeah.

Mike: How could he fail in that? It seems like...

Mark: I know.

Mike: Here's what I discovered for myself at least that money is an amplifier of habits; good or bad. Like if you were addicted to drugs Mark and you got lots of money like your addiction won't go away or actually like might even worsen. Conversely if you found something that's working for you and that you really enjoy and you get money you're likely to invest more in that or participate more in that what you enjoy and is working for you. So the money amplifies our habit and in *The Toilet Paper Entrepreneur* I explain that we first must establish good habits and the best habits are established in business often when we don't have resources, we don't have money, we only have experience. It's the lack of those that forces us to find an effective, efficient, innovative way to do things and then introduce mine it's not going wrong.

Mark: Yeah I love that concept. I think that's the great thing about my niche as well which we'll talk about is that you don't a lot of money and you can kind of do it from anywhere. You don't need an office, you know very little staff, you can really kind of be that toilet paper entrepreneur from the get go and then start building from there. But then we kind of graduate; now we've got ourselves a business. It's repeatable, I don't think we have clients and now we've got the pumpkin plan. How does the pumpkin plan become born? Because I think it's so brilliant. Like you look at a pumpkin farmer you're like oh yeah I can apply this to business.

Mike: The pumpkin plan was introduced to me by a business coach. I'm a big fan of business coaches and I engage one for 20+ years. His name is Frank Mentor that's one of yours and one day he sits me down and he says you got start studying pumpkins Mike as you grow in business. I'm like what the hell are you talking about? He explains that there is a small fraction of pumpkin farmers.

We all know these colossal partners. They make those massive pumpkins as big as your car and he says they hold some insights that apply to business. So I literally spend a year of my life studying the method to grow colossal pumpkins and then saw and learned the [Indiscernible] [00:14:40] that they're certain things they do. They change the growing process maybe only by about 5% from the ordinary process but as a result the pumpkin responds with organic, explosive, healthy growth. In business I started studying entrepreneurs that were wildly successful and said oh my God it isn't massive change. They don't do things radically different, they only do maybe about 5% of the stuff different from the struggling entrepreneur but that small 5% change spawns organic, explosive, healthy growth.

Mark: Yeah. It's so incredible and I can tell you personally that when I started applying the pumpkin plan methods to my own business I saw tremendous growth. So I couldn't give you a better testimonial and yeah I don't go too much into detail about it, but because you've got to read the book. But it definitely works and what I found is that my wife liked me a lot more after reading that book.

Mike: Really? Tell me why.

Mark: Yeah. The reason was is that I really focus on the things that I did best in my business. I wasn't trying to be, you know the jack of all trades. I really kind of... Sometimes you know things just because you've been around business for a while but then you read a book like *The Pumpkin Plan* and it just kind of really hammers home the point in a way that's very digestible and kind of kicks you in the teeth like oh yeah that's right. And so you start implementing these things and it's not an overwhelming amount of things like you said it's like a 5% adjustment but that 5% makes a huge difference. So now instead of working in the business so much I started working on the business, creating these systems, creating these processes and really eliminating the things that were making me crazy.

Mike: Well I love it when I hear that my book is influencing and strengthening a marriage just [Indiscernible] [00:16:51].

Mark: Yeah. So you know I'm going home and I'm actually present which my wife is like holy cow you're actually not thinking about business which is huge.

Mike: Yeah. It points back to the entrepreneurial formula which is consistent and repeatability and back to that lung surgeon. I suspect... Now you know people are wired in different ways. Maybe she's going home kind of thinking about work, thinking about work but at a certain point even something that's

complicated as a lung transplant becomes routinized. It becomes routine and now that the flywheel of her businesses spinning now it's just making sure every stays correct, is she current on the technology and so forth.

I think for entrepreneurial businesses you see in the traditional sense is the same thing. My job is to get the flywheel going in my business but once it's going half out team here are employees and systems taking place have them run the day to day and my job now becomes to make sure that there's no problems at work. We are confident that any of the spots that become weakened or broken get fixed but it's a lot more restful because now it's like a fly wheel I know there's some form of predictability. We know we're doing, the revenues start becoming a little bit more consistent and I definitely sleep much better in that phrase in my business than the very early kind of panic trying to figure out what the hell I am doing phrase.

Mark: Right. So Mike, how do you kind of look at all the opportunities that come your way and how do you say okay this is the next level for growth for me.

Mike: So I just wrote a new book on it. It's coming out this summer. So your end of the book is titled *Surge* and what I did was I studied this exact question. How do you determine what opportunity is the good one versus all ones that sound nice but are going to flop and this is what I found. That if there is swelling or surging customer demand that is already proven but it is in the early stage it's imminent that's going to go big serving that kind of group or niche is your best opportunity. Because even if you don't get things right demand is exceeding supply people will go with you and afford you the time.

If I try and start the next Uber product right now that surge is come and gone or [Indiscernible] [00:19:22] coming back it's come. Uber and Lyft jumped on it. If I tried to get into that space it going to be really really hard but there's other spaces and this is constantly happening. I call it the [Indiscernible] [00:19:33] the ocean there's always new waves coming.

For me in my own business right now there's a big shift coming in the accounting space and what is in short is accounting software QuickBooks, Xerox or packages out there are becoming so sophisticated they started to implement AI that it's pretty clear within five years or so we don't need a tax accounting anymore. The artificial intelligence it's so go we'll get better tax savings and results from a computer than you are from the guy who does taxes. What that means accountants are getting panicky. At least the ones that see it right now they're the smart ones I should say are really observant about business market. The observant ones are starting to make a shift but I

think within the next three years a lot of accountant's are going say oh my God what do I do now. So I started a business that answers that question to the accountant here's what you do now, here's how you move out of tax preparation or become consultative. What we need to do if you wanted to analyze an opportunity to see where in the curve is it right now. How early is it and is it imminent? Meaning is there already predictable demand happening and then go for it.

Mark: Yeah but Mike I could look at industries I mean gosh the auto industry is ripe for disruption. You've got self-driving cars coming of the way. I mean now you've got anybody who's in the auto collision that's gone, anybody who's in auto insurance that's going to be gone. All the dealerships I mean it's going to be... AI and self-driving cars it's going to disrupt so much. It's almost like if everything is changing what's not going to change.

Mike: Yep. My only challenge there I would say is not imminent meaning when I say imminent meaning within the next six months to a year [Indiscernible] [00:21:18].

Mark: Oh I see it. Next six.

Mike: So goodness I met with a company and interviewed them that made a thing called the like club. What it was was like if you've ever seen the "Matrix" so there's different movies where the guys slide things around their hands they invented this 10 years ago and the guy is like I'm struggling, no one's buying this, it's the best invention in the world. Yeah but there's not imminent demand for it. Stop fighting like you're going to kill yourself and he just keeps on playing along.

So you're right this is something bigger than pricing. We I would argue just don't know exactly how it's going to play out. It does make sense that we're not going to need mechanics anymore but maybe we will but just means it's a different flavor of them. So when I went to see the early adopters already making a bold move in that direction like in accounting about half of 1% of the accounting space is moving constitutively very aggressively. You can just see it by how they're writing their websites and marketing themselves.

Mark: Sure.

Mike: When I see that momentum happening that's the prove and then I put myself [Indiscernible] [00:22:21] only/middle adopters are waiting to get space quickly and easily through my products or services.

Mark: That's interesting. That's really interesting. So when people come to you for business consulting where exactly are they in their entrepreneurial cycle? Are they usually more mature and struggling or are they like the guy in the pumpkin plan they're crushing it but they've got no life.

Mike: I've gotten both. I do very little consulting myself.

Mark: Oh okay.

Mike: But that being said I get probably three to four emails a day now someone asking for a consultant which is very flattery. Most people are in a desperate stage, some people are in a plateau stage now these are different. A desperate stage is I don't know how to pay my bills next week, I have panicked, I need somebody to save me for God sake Mike please help me out. And my heart cries out to them but it's not my skill set, I'm not good at that one-on-one coaching. When people are desperate, desperate people do desperate things very hard to give someone guidance like that. They don't know how they're going to pay their rent next week it's very hard for them to try to write a business plan or something like that because they need money now. So that's the majority of people.

The minority are in what I called plateau they've hit a ceiling of some sort can't get past that. The most common that approach me is that one million dollar mark. They've grown the business on their own, [Indiscernible] [00:24:01] volunteers, there's no time left. They want to grow the business and they're at that decision point saying how do I grow it will no longer do it meaning systematize it or should I go back to the glory days when it was just me and couple of people and just run it like a small business [Indiscernible] [00:24:20]

Those people of course I want to guide them to growth but they fundamentally have to change who they are, they have to becoming an entrepreneur, a systematizer and the other option where they kind of rewind it where it's a little bit more comfortable because there's less work. They've got to continue to be the same way they are. They've got to back to that familiar territory. So a lot of people unfortunately kind of unwind their business again then they find out it's not making enough money for me, it's now where I want to go. They go, they start growing again and then they're like its overwhelming and they keep pumping back and forth from overwhelmed to underwhelmed.

Mark: Yeah isn't that interesting. It's like you almost have to get comfortable being uncomfortable.

Mike: You do. The familiar is so compelling.

Mark: Yeah it really...

Mike: It's so compelling for all of us you're in a bad relationship you finally break it off and you go back into the next relationship and it's a repeat. My business... I'm so frustrated that something is not working out yet that's been around not working out for three years now. It's as comfortable because it is predictable but doesn't mean it's right.

Mark: Right. Hey Mike do we have time to talk about *Profit First*.

Mike: Oh dude to promote one of my books ah yeah.

Mark: All right let's talk a little bit about *Profit First*. So you got "The Toilet Paper Entrepreneur" pretty personal book and *How to bootstrap* then you mature and now you got to *Pumpkin Plan* your business then what happens. Why write *Profit First*?

Mike: I grew my first two companies in part using the *Pumpkin Plan* method before I wrote it and I came to realize wow I grew big companies. Well small big companies. My second company was seven million dollar company so it's not huge but for me that was a big small company.

Mark: Yeah but I think 85% of the companies or 95% of the companies don't even exceed a million so that's [Indiscernible] [00:26:12].

Mike: You know it's true. So it's not typical but it was never profitable. I mean literally there was a period I was thinking about refinancing my house to cover one month's payroll and I didn't have enough money in my house. Payroll was over 200,000 oh my God it was very stressful. I never figured out the profits for me. So when I lost all my money my kind of awakening was I got to find a way to be profitable regardless of the size and ironically I'd rather be more profitable with a smaller business, less stress that's moving part.

So how do you do it? I won't tell you the whole story but here's what I came across the traditional formula we follow in growing business and everyone knows this, sales minus expenses equals profit. That's the formula. You get the sales, trade expenses and the left over is profit. That formula is a total lie, total bullshit. It is an absolute lie and here is the prove; all the companies in the world follow it, 83% of all the companies in the world which means like 105 million companies are not profitable. Most companies are surviving check by check. Most companies never take home anything

and so I get the formula logically. I get it, it makes sense but in execution it's an abject failure, it's a lie, it doesn't work. So the question for us is what does? We have to change the formula our natural community behavior take our profits first. Here's [Indiscernible] [00:27:35] sales minus profits equals expenses.

Mark: Wait a minute. Sales minus profits equal expenses. But how do I know my profits if I haven't paid my expenses?

Mike: Good question. You predetermine it which sounds crazy. Like you specify a percentage in advance. I suggest if you've never done this before start of small 1% or 2% over time you start building. My companies do 20% to 25% or more. I [Indiscernible] [00:28:03] we observe that money in advance. Now here's why this works. It leverages a human tendency or behavior called Parkinson's Law.

Parkinson's Law states that that our demand for something adjust based on supply. It's human nature that if we get served more food on a plate we're actually eat more. Its human nature that if you and I are negotiating a contract and you say Mike I'll get the details to you in one week it'll take you a week. But if you and I same people discuss the same contract, the same parameters but you say I'll get it to you in one day you're likely to get to me in one day. Our demand for timing expands to meet its supply but the most important application is with money. When money comes in, sales come in and we see that money sitting there most entrepreneurs probably 83% at least skip reading the profit and loss statement, tying that to the balance sheet and cash flow statement, understanding the cross over matrix and all that stuff is way too complicated. I don't get that stuff.

Mark: Sure.

Mike: But what we do is we look at your bank account, say how much money is in there. Then we trust our gut and say well now I can pay those bills, make that investment at the end of the day there's nothing left over. When something comes last like profit in the old formula comes last and when we use soft terms for it we say it's the bottom line, it's the year end. Like all those things say comes last its human nature to make it insignificant or ignore it. Like think about your health. If you were sick and you went to the hospital and you came out of the hospital and you said now health is important to me do you say I'm going to put my health last. No, you say I'm going to put my health first. When something is important we prioritize it and it comes first.

So if you put your profit first, take that money out and reserve it what happens is there's less money is available for expenses and Parkinson's Law becomes your Allah. You've been served a small plate of food if you will you will find a way to thrive with fewer calories, you'll find a way to work within the parameters that are there and we all live by Parkinson's Law. If you've started a business you found a way to run it off whatever money you had so you've proven you can make it work with whatever you have. Now we're just making this a forced discipline to work with what you have. My final thought around this is when you take your profit first and there's less money for expenses it forces yes frugality that's the obvious thing but the more interesting thing is it brings about innovation. Finding ways to get things done with less. It becomes a true entrepreneurial drive.

Mark: I love it. My heart is singing right now, I'm getting *Profit First* today. Please Mike Michalowicz tell me it's on audio?

Mike: It's on audio.

Mark: Fantastic. Now I want to tell the best passive income model listeners the books are great but if you can listen to Mike narrate it's so much better because Mike you're funny.

Mike: Thank you brother. I'm funny for most people. Some people are like this guy is fucking... I hope I can swear is fucking annoying geez. I got to do voice impersonations and stuff and that for a little bit to entertain myself.

Mark: No I love it actually. I think it's great. I think it adds to it and because in a lot of these business books kind of get dry and the narrators are... If it's the author himself and they're deadpan it's terrible to listen to.

Mike: When I did *Profit First* was I asked my readers how could I make audible books even better and they said start riffing meaning read the book but take pauses and breaks and then explain why you wrote such chapters, what are you feeling now. Are you changing your thoughts from when you originally wrote it? So "Profit first" has about 20 to 30 minutes of bonus materials throughout the book.

Mark: Oh I'm getting it today. I can't wait. I'm going to Skype you just listening to it. I'll give you my feedback and leave a review on audible.

Mike: That means a lot to me. It really does I appreciate brother.

Mark: No worries. So Mike Michalowicz we're at that point now in the podcast I'm going to put you on the spot explain to you my business model and ask you, do I have the best passive income model. Are you ready?

Mike: I am ready, lay it on me.

Mark: All right. So I buy and sell raw land. Now the way I do this is I look for a distressed property owner. The reason I know they're distressed is that they typically owe back taxes and it's even better if they live out of state, they have no emotional kind of draw to that land anymore. Then the asset has now become a liability, following me?

Mike: Yeah I'm totally with you.

Mark: All right. So we send them a "top dollar offer" typically \$0.20 to \$0.03 on the dollar, a percentage of those people accept the offer. We then either flip that property for cash at about a 300% ROI on average, but my favorite way to sell it is owner financing. So I typically either get my money out on the down or within six months and then I've got a one-time sale, I have recurring income on an asset that requires no renters, no rehabs, no renovations, no rodents. I'm in a noncompetitive niche. You don't go on HDTV or DIY network and see flip this land.

Mike: Right.

Mark: I have a massive market, it's huge. I have no onerous real state legislation like Dodd Frank, RESPO, The SAFE act because I'm not dealing with a tenant. Mike Michalowicz, www.MikeMichalowicz.com, best-selling author, do I have the best passive income model?

Mike: So it sounds pretty amazing. Right now...

Mark: My average ROI on owner financing is over 1000%.

Mike: My heart's racing. I mean wow. I want in.

Mark: And Mike the funny thing is that the market so big you can have it.

Mike: Yeah it's a good point. But you know what while I feel that it's not my passion. It's not something of interest to me. Here's my one thought and I didn't give you time speak to it and so maybe there is for me and I encourage everybody to do this. I really have a good grasp and understanding what my life's purposes is. Self-defined or God given I really

want to make it but Mike I have a clear life's purpose I have defined for myself and I make sure that my business is an amplification of it.

Mark: So Mike what is that life's purpose?

Mike: To eradicate entrepreneurial poverty.

Mark: Awesome.

Mike: Yeah and I believe it's a damaging type of poverty because we are smoking mirrors. There's all this money coming in but there's even more money going out and we are the ultimate educators entrepreneurs to our employees or colleagues, and yet we are such fools with our money in general. So my job is my life's purpose which is to eradicate entrepreneurial poverty. With that clarity the day my business struggles, the day things don't go as planned I bolt right through it not because I'm excited about the struggles but because I'm excited about the mission I have. So for your business my question is, is it serving a life's purpose, the greater purpose?

Mark: Yeah it is actually because that life purpose allows me to have certainty and then contribution and for my clients because once we get to a point where our passive income exceeds our fixed expenses we can work wherever we want, when we want and with whom you want. Once we have that certainty we can go out in the world and do whatever we want. I mean look do I have passion for raw land? Absolutely not but I am passionate about having that entrepreneurial freedom and this model gives me that.

Mike: Yeah. As long as every transaction, every moment you see that. It's like the toilet paper industry. As I was writing *Toilet Paper Entrepreneur* [Indiscernible] [00:35:59] are you in the toilet paper industry so I'm not but having to think about it I'm like whose passionate about making toilet papers. But there can be someone out there that's passionate about hygiene or environment impact of different aspects. So the same business can have people coming at it with different life's purposes and I think they become very powerful businesses.

Mark: Yeah and in my businesses there's happiness all along the continuum because we're helping somebody get out of a distressed situation and then we're helping the county get their taxes paid so they can go improve roads and do all the types of things the counties need to do and then we're helping an investor get an asset that they don't have to maintain and that they can... it's what Ted Turner calls up the only thing that lasts. Land it's the only thing that lasts and they have this wonderful legacy investment that's

literally typically only limited by their imagination and then in exchange we get paid for providing all that value.

Mike: Yeah. It is a win-win all around.

Mark: Right.

Mike: That perspective is so important. You know I think when people just [Indiscernible] [00:37:09] get rich quick I just need to make money. I'll tell you any guy that's going into a business to just get rich quick versus a guy that's going in because this is their course, this is their purpose the person with the purpose is going to win every time.

Mark: Every time. Yeah love that TED talk by Simon Sinek.

Mike: Oh yeah me too.

Mark: So I'm going to put you on the spot one more time Mike. I'm going to ask you for your tip of the week. A website, a resource, a book something actionable where the best passive income listeners can go right now improve their businesses, improve their lives. What you got?

Mike: A Todoist, it's T-O-D-O-I-S-T, www.Todoist.com. I've been looking for a way to track my tasks and what I found was that I couldn't find a single good system out there so I developed my own. I actually wrote an article about it in the Wall Street journal. That most time tracking is based upon scheduled and due dates. So we're prioritizing things just by dates but I think we should prioritize based on different things like will this activity generate income for me, will this activity serve my clients make them happy, will this activity create a new system so I don't have to do it in the future.

So I made a single based system where I put like a smiley face next to a task that serves a client, a dollar sign next to a task that makes money, sometimes they get both the dollar sign and a smiley face. Then I prioritize the tasks with the most symbols. Well I couldn't find an automated system that supports that till I found a Todoist. You can customize a Todoist to prioritize on dates like most people do or an alternative way I do it through symbols and this has become a powerful system. It was a very small business, there's five of us here in the office and everyone's now on Todoist using the symbol tracking and we're more productive than ever.

Mark: This is really cool.

Mike: Yeah and I just want [Indiscernible] [00:38:59] and gift to you and to myself and it even comes up on my watch. I know what Michael Ted said [Indiscernible] [00:39:06] it's pretty cool.

Mark: Did you get the Apple watch?

Mike: Yeah I got the iWatch sport position.

Mark: Nice. Okay now you don't find that distracting? Like the haptic touch and it's buzzing and beeping at you?

Mike: Yeah. I don't like any sounds so I actually turned it off its set on vibrate but it's telling me right now I've got stand up. I'm falling shy of my standing curve. Yeah I like that.

Mark: Mike you got to do what I'm doing. You've got to get the treadmill truck desk.

Mike: Oh I have a standing desk. Like I've three desks in my office where I have a standing desk specifically but... I'm sorry two desks but I don't have the treadmill desk. I'm looking and then maybe I may be doing that. I mean was it worth it? Do you like it?

Mark: Oh I love it. I mean look...

Mike: Are you walking now?

Mark: I'm not walking now because of the noise but otherwise I walk all day and I've got the fit bit and I'm at like 18,000 steps a day and I can pretty eat whatever I want Mike.

Mike: Nice.

Mark: Yeah but I think better too. I mean obviously if we're standing or you're sitting up but I'm standing and I know that when I am walking and talking and I usually put on my headset and I'm typing I think better. Even when I do a meeting in person I like to walk and talk. So for me it really works. I'm not sweating, I do like one mile an hour at one incline but it just works for me. I think your legs will feel better because like when I'm standing for too long it hurts but when I'm walking it doesn't.

Mike: Interesting. I know it's true [Indiscernible] [00:40:41] I stand for maybe an hour before I have to seat.

Mark: Yeah. So I can walk for hours before I have to sit.

Mike: Huh.

Mark: I would try it.

Mike: I will.

Mark: All right so now my tip besides Mike Michalowicz getting this truck desk is going to be look learn more about Mike, go to www.MikeMichalowicz.com. I'm not even going to pretend that you can spell Michalowicz so I'll have it in the link for you on the site and if you haven't got the books yet please get them and I do recommend the audio because Mike is so funny and go there. But they're so many resources I mean it are crazy. If you just go to www.MikeMichalowicz.com you go to free resources page it's kind of like a little MBA right there for you.

Mike: And in this site. Definitely if you go to the homepage it will be the most different site you've ever experienced. There's some funky stuff going on and it's cool by the way.

Mark: Yeah. It's really cool; it's a really fun site. So www.MikeMichalowicz.com. All right if you're either in your car I'll just spell it for you. It's Mike M-I-K-E, M-I-C-H-A-L-O-W-I-C-Z.com. Mike and I are both in the butchered glass name club Podolsky...

Mike: Yeah and it ends in that S-K-Y or I-R-Z you're screwed. I'll give you one more shortcut if that's okay?

Mark: Sure.

Mike: On Google just type in Mike, M-I-K-E and the Mic, M-I-C and they'll pull me up. Mike Mic.

Mark: So Mike Mic and then it's all there. Tons of downloads, "Pumpkin plan" downloads, *Toilet Paper Entrepreneur* downloads, *Profit First* downloads these is all free stuff. So this is fantastic. Mike Michalowicz are we good?

Mike: We are good Mark. Thank you brother.

Mark: All right. Hey listen I really appreciate you taking time out of your very valuable day to enlighten the best passive income model listeners. For those of you look please subscribe, rate and review the podcast. It's the only

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