



THE LAND GEEK

The Art of Passive Income Podcast With Mark Podolsky, AKA The Land Geek

**Mark & Scott talk with Mike Michalowicz,
MikeMichalowicz.com**

Transcript

Mark: Hey, it's Mark Podolsky - The Land Geek with your favorite nichey real estate website TheLandGeek.com and today's guest is a big deal so I have to put on my anchorman voice. But before we talk to our guest, I'd be remiss if I didn't properly introduce my cohost you him, you love him, Scott Todd from ScottTodd.net, LandModo.com and most importantly if you're not automating your Craigslist and your Facebook postings, PostingDomination.com/TheLandGeek.

And today's guest is best-selling author of one of our favorite books *Profit First*, one of my favorite books *The Pumpkin Plan*, probably one of Mike Michalowicz favorite books, his first one *The Toilet Paper Entrepreneur*. You know Mike he was on our podcast a while ago as well but we're going to talk about his new book *Clockwork*. Mike Michalowicz welcome back. How are you?

Mike: It's a joy to be back. Mark, thank you and Scott it's good to meet you. Thanks for having me back I really appreciate this.

Mark: All right Mike let's just get into it what the hell is *Clockwork*?

Mike: So I'll start with the subtitle it's *Design Your Business To Run Itself* and what I think it addresses Mark is the most I think insidious form of poverty we have. I think when we look at entrepreneurs, business owners we think of traditional impoverishment, they're struggling, they're broke. If they have money by then found there is this more insidious version which is time poverty. Where the business becomes all-encompassing, we put our family last, we put our life last and that's what I was doing and by the way probably doing because I was calling myself a workaholic and I had to do this for my family and this is what successes is and I discovered it is not.

A business that is dependent on the hustle and grind of the owner is a business that has no independence. A business that is truly successful is a business that can run itself, that the owner can leave and the business continues to scale and so *Clockwork* is about these processes. It is a simple process, it's not easy. It's a simple process of making the business run on automatic.

Mark: I love it, I love it on. As I look at the contents of the book 'why your business is still stuck, analyze your company's time, the Queen Bee Role, serve the QBR.' What is the Queen Bee Role?

Mike: Great question because that is the most common question I get and it's the most important concept I believe out the entirety of the book. So the Queen Bee Role we were talking about and I'll tell you what it is. I was studying business efficiency and so I had this hypothesis of how it works but then I started interviewing these different companies to see how this played out and I found I couldn't find a common thread. I went to Lewisburg, Pennsylvania it's one of the largest play set manufacturers in the world called Playworld Systems and found that they were extremely streamlined I was like okay they've got a solution.

Let me see if this plays out the next stop which was a pizza shop that could bang out more pizza than you could ever imagine. It was a small staff and the process they were definitely they were significantly different. They had their own recipes for efficiency and what I found is when you can't find a solution you need often we need to look at nature because nature holds the ultimate truths I think to unlock the universal business at least. I found that beehives of all things are extraordinarily efficient, their use of energy is very low yet they can scale a large colony very quickly. So I started studying bee colonies and specifically they follow a simple two rule set that I believe now every business needs to follow too.

The first role in every colony is to protect the most important function that hinges its survivability and success on what that is in the beehives is the

production of eggs. It happens that the queen bee is the one doing that so that's why I call it the Queen Bee Role. The queen bee in beehives lays eggs and the reason why eggs are so important is that bees die very quickly and if there is not new eggs being produced therefore newbies being spawned the entire colony will be wiped out within a short period usually weeks or a few months. So they have to be producing eggs and every bee knows there is nothing more important than the production of eggs.

The second rule they follow is once egg production is occurring and has been satisfied, they can go and do whatever their primary job function is: collecting nectar, defending the hive, [00:04:56] [indiscernible]. Well this one is parallel to business and I'll tell you how find it and it is best shared in an example. I like to use FedEx because FedEx is such a globally recognized brand. FedEx has something that they hinge their success on and we all do it's a singular thing. What we hinge our success on is the delivery of our promise.

So the first question I ask every business is what is the big promise you make to your customer and maybe we make multiple but what is the biggest, the most important promise? FedEx's most important promise is to deliver packages on time. They offer other things: good customer service, we have print shops and stuff like that but the number one promise is delivering packages on time.

Once we know the promise, we pill back only one layer and say what activity, that's the QBR, what activity is making that promise a reality? Again, there's multiple things we can be doing but what is the most important activity to make that promise reality and for FedEx it's logistics? We promise to deliver packages on time therefore the movement of packages is the most important thing we do. My argument is FedEx can't say one week you know what let's skip out on package delivery, let's not worry about the logistics it will crush the brand. FedEx may go out of business that quickly if they ignore their core competency. The QBR for our business is found the same way we have to determine what's the biggest commitment promise we made to customers?

I am an author my biggest promise is to make complex entrepreneurial topics simple. That's my promise then I say what's the most important activity that delivers on that promise? Well it could be speaking, it could be what we're doing interviews, it could be something else and I think it is. I think it is writing. What I mean by this is once you know your QBR it's that one thing that can never go compromised you must always be delivering on it, you always must be elevating the game for that one thing.

If you slip up in the other categories it may hurt you a little bit but it won't pull you out of business. If I said you know what screw books, I'm never going to write a book I'm done. Or FedEx says screw logistics we're never going to do it again FedEx and myself we'll be both be out of business. If I say, "You know what I'm going to put off interviews for six months because I've got to write books," it may hurt some exposure for me, it may compromise some relations like you and I have Mark, but if I'm still producing great books then I'm in a position to continue to excel.

So that's why I challenge every business owner to do with *Clockwork* is determined your base promises, rewind one step, say what's the activity that supports it. That's your Queen Bee Role never let it go compromised.

Mark: Scott Todd what are your thoughts?

Scott: I mean it just makes sense because if FedEx was to say, "Hey you know what we can't deliver packages today, there will be no delivery today because everybody will work on our mobile app, we're going to have everybody testing our mobile app and we can't deliver today because all of our employees are going to be doing this other activity. Like everybody would be like what the Heck? Fred Smith would be out of FedEx as the CEO like that [snaps finger] because he didn't manage the priorities right and I like the example of the Queen Bee Role and I do agree with you Mike because everything in nature does relate back to business. I mean everything if you can find it in nature you can find it in business. I'm glad you brought that up.

Mike: I want to build on the thing you said about FedEx Scott because you're spot on in my opinion in that if FedEx diverted all the people to the mobile app and removed them from packages they're done. The interesting thing is they actually do the reverse. They will take people out of the apps development and get them on trucks to deliver packages, it happens every holiday season. In winter holidays demand surges I think it was like a 200% to 300% demand growth in package shipments because of all the holidays at that time. What FedEx does is they say, "Okay now we've got to put two people on the truck, we need to recruit managers and get them in the distribution rooms and on the trucks, we need extra staff." So, they will actually flow people over to make sure the core competency goes, they won't do the reverse. So, I love how you said it's very eloquent and it's the point you can never compromise that core competency.

Mark: So Mike okay I get my Queen Bee Role, I'm super focused on my core competency but I know and I am speaking from my own experience, it took me years to start to scale because I had this deep fear that if I wasn't doing

the work it wouldn't get done as well as what I could do and that everything would suffer. How do you get the entrepreneur to sort of switch it in their mind that hey don't build yourself a job, build yourself an actual business that can run without you?

Mike: So, Mark, there's a label for what you did it's called being a human being. So congratulations that's totally normal and that's the total typical response and I did a lot of the research for this book to figure out this phenomenon and I now call it the Superhero Syndrome. And what it is, is in the beginning of a business particularly for a solopreneur it is necessary that we do everything and we start believing that we can do everything. What happens then is when we make those first few hires it is actually more efficient for me just to give everyone the answers, to swoop in and save the day. You know that one customer that's bitching and moaning or whatever I'll fix that, I'm the owner here, that one employee that is threatening to leave or needs some special negotiations for certain circumstances I am the superhero I'll swoop in and do it and as I do more and more of the activity these two phenomena happens.

First of all, for myself it actually satisfies my ego. Every time I save the day there is a little dopamine release and I'm like hey look how great I am. Secondly my colleagues are swerved by it because if they take my direction of let me save the day again they can do no wrong. So why not have the superhero swoop in and fix it.

But if we look at it from the other perspective a superhero is kind of a negative term in my opinion. I mean my favorite superhero growing up as a child was Superman but when Superman comes and fights Lex Luther, he is disabling the military or the police force from actually doing it themselves, they become more dependent upon them. If you look at the Batman flakes the Commissioner - the police commissioner has a bat phone. He's got a 911 not to the police but to Batman. You know we are disabling our community, in our case our colleagues from playing up at a higher level, we're disarming them. The other thing is we also leave a wake of damage behind us because we're superheroes we swoop in and we fix it. Superman comes and defeats Lex Luther, but he decimates New York City. There's no movie about the recovery from Superman's damage like the next 50 years after he F' upped New York and sadly that's the experience of us entrepreneurs and super sadly I did it today.

We had a little team meeting here and one of my teammates said, "Mike what's this new program called Author Up?" It's something I conceived and she had no clue what's going on and she was getting inbound phone calls about this thing that Mike's doing and my own employee did know because I

was the superhero, I had this great idea, I spent my five minutes doing it and the remaining hundred or 99% of stuff that need to be done I just ignored and now my team is doing clean up behind me and it distracts them from doing their work. They have no clue what they should be doing and brings about confusion.

So what we need to do is change the label. I think this is the first significant step. No longer see yourself or call yourself a superhero instead be a supervisory. The distinction between these two is a superhero saves the day we shouldn't do that. What a supervisory does is has a clarity around the outcome they want for your organization, for their colleagues, or the ultimate feel, touch, taste, look of the organization is going to be and then choreographs our resources, our employees, even our clients, our technology. Organizes it to get to that vision and then constantly corrects in the choreographing of these resources when there's problems, that's what we need to do and I think it starts by changing the label.

Mark: I love it. Scott Todd what are your thoughts?

Scott: The years rebuilding after Superman swoops in I love that. I think that is in fact one of the things too is Mark I think one of the hardest parts of being entrepreneurs is that one component that says I'm not going to do the stuff that I'm not good at. You know and like I can mess around with the Photoshop. I can throw words on the picture or whatever but it is not in my wheelhouse, I'm not that good at it. Like I take I take longer to do it, I overthink it and it would be so easy if I just gave it to somebody that they love Photoshop or whatever it is just give it somebody, let them do it. It's going to come back to me faster, it's going to look better but the reality is either I don't want to pay for it because I'm like oh my gosh I'm going to have to pay somebody.

Well you can find people in today's environment you can find people very, very cheap that like to do stuff like this. Okay like I kid you not there's people on Craigslist they will like record live video your entire wedding or take pictures of your wedding like for free just because they're trying to get experience. Now I wouldn't say hire them for your wedding unless you wanted to. However, you can always find people that are better at things than you are, leverage it and then get out of it. And to my next point then you don't need to be the superhero because now you're good at doing what you do. Mike's great at writing books. Okay like you said he's great at writing books, doing interviews but it would be terrible I assume if he tried to make the book cover. He'd spend too much time on it and all these other components. Leave it to the people who know what they're doing and get out of your own way and I think your business will grow faster.

Mike: Yeah and Scott it's so funny. So yesterday I met with my publisher they are called Penguin Books and I was at their offices and they're like, "Hey we have some cover designs we want to talk with you." And I believe as a visionary I have to just make sure there's congruency between what I'm trying to communicate in all forms. So for me it was very clear I was like that book cover idea stinks, that one stinks, that one is now we're talking. Let me tell you why and I believe that's my role.

I can interject for 60 seconds in where they're going and give them clarity in the path, they simply are just without direction kind of going down these aimless paths and the response of the superheroes you're idiots, you have no idea what you're doing. Let me swoop in and do book cover design all by myself. The response of a supervisory is I haven't given you enough clarity let's reorganize our team here to move toward this goal and constantly be the tweaker in how we're marching forward and you get better output because they are far superior to that kind of work they just need the understanding of the vision so there's is commonality or cohesiveness across all things that I'm doing.

Scott: I mean like if you're answering a question like one time especially to your team like in my opinion if you're answering a question to your team well then take that question or that answer that you just gave it's not in a vacuum. You've got to take that thing, you've got to have some tool or mechanism especially when you're dealing with your team that you can put it in place so that they can it's like the knowledge bank like hey here it is. So, before they go and they start to bug Mike on hey Mike how do I do this? Well let me go check and see it this has already been answered and then Mike can really just focus on the stuff that he's really, really good at as opposed to being the superhero.

Mike: Right, I love that. And it's true for every employee. Like move everyone towards their strengths. So in the book I talk about this concept of capturing so that is your point get a knowledge base. I believe a lot of it can be done through video in fact in transferring.

Scott: Oh yeah.

Mike: One little tip I discovered here Scott and Mark is that when I give a responsibility for example, I used to do invoicing when I started my solopreneur even in my most current iteration. My first hire her name was Jackie I said, "Jackie I need you to do invoicing." So what I had to do is I recorded a video showing all the steps and a couple of things that I did when she came back with questions. I said, "Well I hired for what's in your head of

yours, so you've got to make decisions and she did. I had to be very disciplined to not just doing any quick solution of spluttering out an answer I had to force the answers back upon her for her to decide.

But I think the most important thing I did was I said once you've mastered this process over the next few weeks or at the end of a month, I want you to record another video giving our new standard for how this procedure goes. Because ultimately the best student in any room is the teacher and if Jackie could teach this process and train it, I knew she'd mastered it and I also knew when and if she ever decided to leave that her knowledge wouldn't go with her we've captured it.

Mark: Yeah I know it, I love it. Mike do you ever get any type of entrepreneurial anxiety?

Mike: Never.

Mark: Let's say [00:18:11] [indiscernible] and things are going really well. Do you ever think okay is this delegation or is this abdication?

Mike: Sure. So, I get anxiety regularly and it's funny most entrepreneurs I would say are micromanagers so they fail to delegate. Very few of our entrepreneurs are abdicators and sadly - I shouldn't say that - that's the challenge I face. I think it all get resolved when we have the understanding about what delegation is. I believe many entrepreneurs and myself thought that delegation was the assignment of tasks which is not delegation that's more like task graviting. "Go do invoicing" I'd say to Jackie, or "go do this". I thought I was delegating work to her. I was not I was task graviting because then she had to come back with questions and I had to answer her and so forth.

Delegation is the assignment of outcomes. For instance, if I said to Jackie, "we need to bill our clients timely and accurately". We must start with our best practice to do this it's our invoicing. So, I want you to follow the guidelines of this and as you through this process if you see opportunities for improvement or you have questions it is your job to answer it. Once she'd come back in with questions I'd say, "Wait, it's back upon you. You can make decisions and move us forward." So that's what true delegation is and to prevent from being an abdicator I have to have some measurement of conclusion meaning did she complete the tasks successfully as I deemed how I want to quantify success? So those measurements become very important.

How I deal with it is we have a daily huddle. We're small, we have 14 employees here but every morning we had a meeting this morning and we throw out the boards, we go over numbers and I can see now just by the flow of numbers how the health of the businesses is. When it comes to invoicing which is not really a major problem I just see how many clients have renewed for the day and I just watch that process and if a number is out of whack it kind of causes a red flag or green flag. Sometimes it goes a way high, sometimes it's way low that means it's a call to action. So I've avoided defaulting to my abdication nature by being a true delegator and having measurements in place that act as up pulse monitor.

Mark: I love it, I love it. How do you determine as the entrepreneur on a daily or a weekly basis what the most important goal that you want to accomplish is for that week? Do you as the visionary come up with it yourself and then meet with the team, is it a team idea? I mean how do you go about that and then how do you know okay we've executed on this?

Mike: Yes. So we don't measure in weekly we actually measure them daily we call it The Big One, and we measure in quarterly - so every 90 days. So we do through our huddles and quarterly meetings that's how we do it. So we as a group we had a quarterly meeting yesterday which was the end of Q1 even though I know we were two weeks into Q1 is the only day I could get. Basically, we do a conclusion of Q1 and then we say what's our planning for Q2? Hopefully at the end of Q2 we'll be meeting a little bit earlier than having this two-week lag.

We will explain where the business stands and where we want to go and each person says what's the biggest thing they can do to move us toward that common plan or intention we have and exploits their core competency. We've made a mistake and I continue - you know this is my business - I continue to lead us occasionally into mistakes of these ideas we have and then putting in the wrong people in the wrong seats and then getting frustrated at them while quite frankly I put the wrong person in the wrong spot to do something or maybe that thing wasn't even necessary. So, we do have these quarterly goals and we do it collectively.

On a daily basis in our huddles every morning - we did it again this morning - everyone goes through say what's the biggest one for today. So as an example, today I had a call with Gary Keller the founder Keller Williams talking about some collaborative opportunities and I explained to the team that's biggest thing that I can do to move our business forward toward the vision we have in today, today's goal. Tomorrow morning, I should report back to my team how did that go and what's my next plan for the next one. They have the liberty to say Mike who cares about whatever that goal you

set. Let's do a different goal and we can do this for each other so there's cross accountability. On the board every day we have 14 individual goals and we always have this quarterly goal for the entire organization that we're moving towards.

Mark: Wow I love it. Scott Todd?

Scott: Man, I like the idea. I might need to grab some...

Mike: Oh, we were recording, we were recording actually our huddle. I don't know if you can Google it if you type Profits. The organization behind my books or at least one of them is called Profit First Professionals. So, if you goggle Profit First Professionals huddle I think you're actually see it, you can watch a taping of us do it.

Scott: All right I'm going to do that. I'm going to do it when I get off this call.

Mike: I think it's there and if not, I can have the link sent to you guys.

Scott: Okay cool. That's cool.

Mark: All right Mike. I mean we're short on time so is there any question we should have asked you that we didn't ask you?

Mike: No, I feel like... I mean no. I don't think so. I think the essence of *Clockwork* is getting out of this mindset that hustle and grinding is a good thing. I think I bought into that and I know this, I understand the sentiment behind that's the popular nomenclature now is hustle-grind it used to be workaholism 10 years ago. There is always a new term for it and I understand the sentiment behind it and I think it has a value but I believe entrepreneurs today are absorbing it as the standard operating procedure. That's how entrepreneurs need to behave I think that's the grand mistake. An entrepreneur is someone who choreographs resources, who organizes people and things and technology, and they are all the resources available to achieve an outcome. We are not the chess pieces, we're the chess player and that's the important thing that I want to communicate with everyone.

Mark: I love it. That's the tip of the week. We are not the chess pieces; we are the chess player. Scott Todd what's your tip the week?

Scott: Listen do yourself a favor. If you haven't already done this go and buy and read and listen to *Profit First* you've got to do it. Like I'm a big fan

of this, I teach it in Flight School, I teach it in accounting for land investors, I live by this thing go read it and execute on it.

Mike: I love it, I love it.

Mark: Yeah. I mean my tip of the week again I mean I love all the books but we're such... I mean Scott this is pretty much really what is the core of our business is creating a business and not a job for yourself. So it would be really, really sad if you don't pick up *Clockwork* and the way to get it is it's going to be on Amazon and all the other places but you want to sign up for it at MikeMichalowicz.com/Books and we'll have a link to it because there is about three people in the world that know how to spell Michalowicz and that's not including Mike's family. So go there and do that.

I want to thank all the listeners. Please the only way we're going to get the quality of guests like Mike Michalowicz is if you do three little favors you've got to subscribe, you've got to rate and you've got to review the podcast. Send us a screenshot of that review to support@TheLandGeek.com we're going to send you for free the \$97 Passive Income Launch Kit for free. Mike are we good?

Mike: We are good. Gentlemen thank you so much for having me.

Scott: Thanks Mike.

Mark: Scott are we good?

Scott: We're good Mark.

Mark: All right. Let...

Scott: Freedom...

Mark & Scott: Ring.

Mark: Thanks everybody.

[End of Transcript]