



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

**Today's Guest: [Josh Patrick](#)**

### **Transcript**

**Mark:** Hey, it's Mark Podolsky, the Land Geek, with your favorite nichey real estate website [www.TheLandGeek.com](http://www.TheLandGeek.com) and I'm really excited for today's sagacious guest. You have to look it up. Okay fine, I won't make you look it up. It's our wise guest in all things business. But I'd be remiss if I didn't properly introduce my co-host Six Sigma, you know him, you love him; Scott Todd from [ScottTodd.net](http://ScottTodd.net), [LandModo.com](http://LandModo.com) and most importantly if you're not automating your Craigslist and your Facebook postings, [PostingDomination.com/TheLandGeek](http://PostingDomination.com/TheLandGeek). Scott Todd, how are you?

**Scott:** Mark, I'm great; how are you?

**Mark:** Again, I'm extremely jealous of your video set up, but I'm going to get over it.

**Scott:** I mean, look, I have nothing proprietary here. Well, I guess I figured it out maybe I should write a book. Maybe I should write a book and teach people how to set up their video like this.

**Mark:** I think you should because I would buy it for sure.

**Scott:** Okay. I could put affiliate links in there like all the cool gadgets. Oh, man talk about passive income model that would be a great one, wouldn't it?

**Mark:** Maybe you and I should just do a podcast on some passive income models.

**Scott:** Maybe we should do something like maybe called The Art of Passive Income.

**Mark:** That's not a bad idea. You know what would be even better is if we had like a guest that's seen it, all done it all. Josh Patrick is our guest today from [Stage2Planning.com](https://stage2planning.com). Josh is basically just a business expert in all walks of life. Josh, welcome to the podcast. How are you, my friend?

**Josh:** I'm great. Thanks, Mark and thanks, Scott. Scott, I'm really jealous of your background and I have to tell you why I am jealous. You can see my background. This is me trying to be neat.

**Scott:** Yeah well, that's why I had to get a camera that blurs everything out so that you can't see really that I had to cling it and like stage it so, thanks.

**Josh:** Well, it looks very nice to put it that way.

**Scott:** Thank you very much.

**Mark:** So Josh, do us a favor and kind of tell us a little bit about your background and how you became his sagacious business consultant that you are today.

**Josh:** Well, I sort had two careers. First one, I started when I was 24 years old. I graduated from college. I went to work for my father which lasted for about four weeks. He set me up to close out one of the branches they had instead of closing it out I picked up five new accounts so he said, "Okay, you buy this from me." So, I was off and running with my own little vending company.

I was 24 years old, I had one of the half employees and 18 months later I had 25 employees. That happened for a couple reasons. We picked up some very large pieces of business. The second thing that happened was our major competitor went bankrupt and we ended up buying their assets. So here I was 24 years old actually 25 and a half years old with a business that was doing a million and a half dollars and had 25 employees and this was 1976. So that's a long time ago.

**Mark:** You know a million and a half dollars in revenue in 1976 is like three million today four million? It's a big business.

**Josh:** Probably, four or five million dollars today. The worst thing they could have possibly happened to me and that was... you're ready for this? I was 24 years old, had a ridiculous amount of success for two years, and I actually believed it was because of my brilliance, not pure luck and the truth was it was pure luck. Then reality set in where we had a major embezzlement. We bought a second branch operation which was arguably the worst purchase in the history of the vending industry. I went from having tons of extra cash to basically running out of money and not knowing why. The reason that I ran out of money was really pretty simple, I didn't realize that on a profit and loss statement there is nothing there that talks about buying capital equipment. As you can imagine, vending operations because those great big machines weren't cheap even back in 1976, we were paying about \$1800 for a vending machine and as a result, I had got to do a turnaround. Now, I did this when I was 27 and we learned all there was about turnaround, I learned about banks.

Oh at the same time my bank was going through a problem with the Office of the Comptroller of the currency and for your listeners, I don't know what that is. That's actually the regulator that looks at banks and say, "Are you behaving in an appropriate manner?" Unfortunately, this particular bank wasn't and as a result, I got redlined and red line means you get to join this wonderful world called the workout group. If you've ever read the book called *Bonfires of the Vanities* which was by Tom ...By the way, Tom Wolfe just died today. But one of my favorite authors you know one of my favorite scenes of all times in the book is that first 80 pages of ... Oh, excuse me it wasn't *Bonfires of the Vanities* it was *The Man In Full*. *The Man in Full* and it was the scene in Georgia with this real estate mogul going through a workout meeting and the goal was to make him sweat. I can tell you from personal experience that's what they tried to do.

But along this way of all this stuff, I actually started learning something about business. By the way, I also have a BA in American history which doesn't do a whole heck of a lot to prepare you to run a company. My father was not the best role model for a company because he would go out and publicly humiliate somebody about once or twice a week and I thought that was how you should manage a company. Well, that can work okay if you have one operation and you're there all the time which my father was well we had two operations and I can only humiliate people one branch at a time. So the people, when I wasn't there weren't especially anxious of doing their best work and helping us become a great company. So I had all these challenges that sort of hit me at the same time and all of them were my fault. Not any of them were caused by anybody besides me. Although my

CPAs could have told me I had the embezzlement three months before they actually got around to telling me I had the embezzlement.

But, I didn't have controls in place. I didn't know what controls were. I didn't know how to ask a question. I didn't have good systems in place. We used to let our people make things up as they went along. These are all things that you should not be doing if you run a company. So, I very rapidly figured out what I had to do to keep the company afloat we negotiated with our suppliers since the bank won't lend me any more money. I went to all my major suppliers I said, "Look, here's your choice. You can watch me go bankrupt and you're going to lose all this money or we can make this into a term note and I'll pay you cash until I pay off the term note," which is what we did.

**Mark:** That's what Hilton did Scott, by the way

**Scott:** Right. Yeah, that's right.

**Mark:** Which is like a great book, I don't know if you ever read that book about Hilton-

**Scott:** *The Man Who Bought the Waldorf*

**Mark:** *The Man Who Bought the Waldorf*, Josh.

**Josh:** I didn't read that but it probably... My story is not a typical it's a little bit more dramatic because unfortunately I had those two really good years when I first got in the business and I thought it was because of me so obviously I was a great business person and as that worked out it wasn't right. So we went on and we did a bunch of really interesting things in the food service company. We were the first vending company in the country to have a Total Quality Management program and as far as I know, we're still the only company that ever did that.

We had a very interesting recognition program and I love to tell the story so I have to tell it. It is one day I was walking through my office and my controller says to me by the way she's a great story by herself but we won't tell that right this second. But she says to me she says, "Sir congratulate me." I said, "Okay, congratulations! Now, what I'm congratulating you for?" She said it "Well, it's my anniversary." I said, "Okay great, how long have you been married for?" She said, "No, you idiot, it's my anniversary here at the company." It was her day that she started work at the company which is about seven years before that. So I was saying to myself, "You know what

day you started here. I mean, I don't know dates about anything." I sort of know that I think today is what Tuesday or is Wednesday?

**Mark:** Today is Tuesday.

**Josh:** Today is Tuesday. That's about as good as I get with dates. So, I went around the office and I asked the next three people I ran across, "What did you start here?" They all knew the date they started. I said, "Wow, that's a big deal. That's a really big deal or must be a big deal" So what I started doing was, we had these employee appreciation days once a quarter where anybody who had an anniversary during that quarter will be recognized. I told a story about what they did that was good. They got a certificate that said you've been with us for X amount of years. We had pins made for one, five, 10, 15, 20-year pins. We gave them \$10 in cash for every year they were with us up to a \$100. What I figured out it took me a couple of years to figure this out sometimes I'm not the smartest guy and a slow learner, but what I figured out was that I got lots and lots of appreciation and recognition and because of my role as being the owner of the company.

My employees didn't get any and because about half our company was making if not poverty just above poverty wages because we had food service workers and that was basically \$2 above minimum wage. Not a great living wage they got by, but not greatly. Nobody ever said nice things about them and this was often the first time they ever heard something nice. Now, I learned this by accident and along the way while I was you know in my business my food service business for 20 years started in 76 sold it 95. What I learned was that there are ways of running a great business. I learned it from personal experience. I took courses on top of courses on top courses and I've been reading a book a week or at least a book a week for 40 years most of them around business.

**Mark:** So Josh, let me just stop you there.

**Josh:** Sure.

**Mark:** When you get together with your buddies and you guys start talking about business, what would you say are your three most gifted or recommended books? Because if you're a big reader like me that's really, really you know an interesting nugget of wisdom there.

**Josh:** Okay, well, this is not a passive income book, but this is I think the most important book for private business in history and it is *Traction* by Gino Wickman. It is a great system for running a business. It's a simple system for running a business.

**Mark:** *Traction?*

**Josh:** Yes by Gino Wickman.

**Mark:** Gino Wickman.

**Josh:** Yeah, G-I-N-O W-I-C-K-M-A-N. The other next book I really like a lot is a book called *The Advantage* by Patrick Lencioni. Now, Lencioni writes business parables. Most this happens to be a nonfiction work of his and in the book he talks about values, four types of values, and how to use values in your business and I'm a big believer that a values-led business will outperform non-value led business 100 percent of the time, and if you spend some time working on your values of you will have a lot more fun running your business. The third book is *The Seven Habits of Highly Effective People* by Stephen Covey and Covey is just a brilliant writer about that and those seven habits are so important in making yourself effective and efficient at what you do.

Of course, I have to have my fourth book which is my book which I just published in January it's called *Sustainable: A Fable about Creating a Personally and Economically Sustainable Business* which you can get on Amazon. I sort of copy Lencioni's style of writing the business parable about a very dysfunctional family business where the owner needed to become operationally irrelevant to let business thrive and was having a very difficult time with that. When you get into passive income, the key to creating a business with passive income is you have to become operationally irrelevant in your business and what that means is you're not involved in the day to day operations of what makes your business great. Somebody else is doing that.

**Mark:** That is so true.

**Josh:** Mark, you've done a really good job with that with your businesses.

**Mark:** No, thank you. You know, but it's still you know it's still a struggle absolutely.

**Josh:** Okay, so why was this a struggle for you? Let me ask you that.

**Mark:** Well, letting go is a struggle. Humility is a struggle the fact that I have to surrender. The fact that maybe I'm not the best person for that job with that role. Even though I'm really comfortable in it, even though I think I'm good at it, even though intellectually I know I won't grow by letting go

it's hard to emotionally let it go and watch somebody maybe struggle with it for a few weeks. When you know I think like why should we even have to struggle?

**Josh:** So, I would submit that there are two reasons people don't let go. One is they don't especially trust the people they're letting go to and they've never figured out what specifically is causing a lack in that trust. I have this English I got and Charles Greene the Trusted Adviser called the trust formula and the trust formula is reliability plus competency plus intimacy meaning you care about the other person divided by self-interest tells you how much you trust somebody. If you are finding you're out of trust with somebody it's probably one of those four areas that's causing a problem and if you can identify that area then it gives you a chance to fix it.

The other thing which causes people not to trust in my experience is the fact that they don't have a culture of mistakes meaning that mistakes are not tolerated in their world even though they happen all the time and what happens is when you don't celebrate mistakes, people hide their mistakes. When you hide a mistake and then you run across it which you ultimately always do if you're the owner. I mean, people would say, "Do you have eyes in the back of your head?" Because I would walk in right when someone's making a screw up all the time and the truth is I kind of had this sense that something was wrong and I would pick up the lid and look at it. But because when I was younger and I was a screamer I would always blame people when they made the mistake I would call them idiots, I would demean them. But as I got older, and I finally learned that it wasn't a very good way of being a manager I would say, "Great, you made a mistake. What did you learn?"

**Mark:** I mean, I can tell you right now, Scott Todd really can relate with you because at his Fortune 300 Company I think that was his management style with his IT group. Scott, is that right?

**Scott:** Yeah, I mean like, look when I first entered the working world I was a manager I would do the same thing you know like, "We can't do this." I would like you know get emotional over it and then I realized that that that's not going to solve the problem. It might relieve the problem for me right now like I might feel better for it but the end of the day you know what you learn from making a mistake when you're getting yelled at is don't make the mistakes and get yelled at.

**Josh:** Right, and if you make a mistake hide it make sure my manager doesn't find it.

**Scott:** Right. So, I'm going to get yelled at right because nobody wants to be yelled at.

**Josh:** Right.

**Scott:** Then as I grew in my career I realized like, Okay well, people are going to make mistakes and then you know the best thing is okay when you make a mistake or you think there's a problem like I get on to my kids about this all the time like if you think there's going to be a problem or there is a problem that you delay telling me then that's worse than telling me right off the bat that there's a problem because then I can help you solve that problem or before it grows as opposed to, "Oh man, we got a big mess over here." So, you know it becomes kind of an adjustment thing because look the reality is that I mess up, we all mess up, and employees are going to mess up.

But Mark, I think there's a common issue here that I see a lot. I see a lot of people in our own community to especially people that are new investors or new business owners. You know what it is? They are afraid to make even the smallest mistakes. They're afraid of it. Like personally. So I think that what Josh is saying is about the trust. I don't think that necessarily it's ... I mean, it could be about the trust but it could be about what he said like a lack of mistakes in the culture. The reality is that no one wants to make a mistake. Well, we all want to be perfect but we all do make mistakes. So if you can, just embrace it then, I think you're okay letting it go faster because it's a mistake let's learn from it. Boom and then, you're good.

**Josh:** So you just said something key there. Let's learn from it. So Scott, have you ever learned anything when you did it right?

**Scott:** Did I ever learn anything from doing it right? Yeah, I learned that the last time I made the mistake I'm not going to do that again then I got it right, right? So like, you know, essentially did I learn doing it right? No, it just happened

**Josh:** So where do you learn?

**Scott:** From your mistakes that's right.

**Josh:** Well, that's the whole point is that if you want to have and I have a client that said, "We have a learning organization," and I used to say to him, "No that's an aspirational value you want to be a learning organization you are not quite there yet." But if you do, make that switch where you can make mistakes into a learning opportunity, and you really institutionalize it



where people are not afraid to let mistakes get out and by the way one of my mantras was bad news doesn't get better with age when people used to delay telling me bad things.

The truth is by making yourself into a learning organization where mistakes are celebrated you're going to move a lot faster because you don't go through the seven stages of denial before you finally get around to fixing the mistake that happened. Which you know I used to have I said, "Let's skip step one through seven or one through six, and go and recognize the mistake and fix it." Instead of denial, anger, frustration, whatever the seven stages where. We can't remember what they are now.

**Mark:** Right. Yeah. So Josh, what do you believe is it normal or wise or cool that other people think is crazy?

**Josh:** Well, one is mistakes for sure. You know, the first time I tell people that mistakes are good they kind of look at me like I'm from Mars. That's probably the biggie. Another is that you can't have a great company without values. I mean, they sort of intellectually get that, but they don't really emotionally get it. People think that ... I have a strong belief that employees are more important customers and the first time I'll say that to somebody they'll think I'm completely out to lunch, but I do believe it. In fact, I can tell you it's true just next time you fly with United Airlines look at how happy you are experience is.

**Mark:** Yeah, that's a really good point. So, what advice would you give your younger self from say 20 30 years ago?

**Josh:** Don't take yourself so darn seriously. You know part of the reason that we don't want to admit mistakes or we don't want to learn from our mistakes or we don't let other people succeed is we want to be the star all the time. You go a lot faster if you lead from the back.

**Mark:** I love that quote. That's a tweetable quote, Scott Todd. You can go a lot faster if you lead from the back.

**Scott:** Let's Tweet it.

**Mark:** So Josh, one more question before we get your tip of the week. What's been the best or most worthwhile investment that you've made? It could be an investment of money, time, energy or otherwise.

**Josh:** Believe it or not and this goes back to when Xerox decided to become a learning corporation for whatever reason. I don't know why they did. I

mean, Xerox went off in all these really interesting side ventures back in the 70s and 80s. You know as I mentioned I went into business with a degree in American history. I had taken one accounting course. No, I didn't take it. It was a business law course. That was my one business course I took in college. So, I really didn't know anything about finance and Xerox had this course called the Fender Challenger which was it basically taught you finance at a college level and it was a self-help program which started me down the road of doing all these self-help books you know self-help courses that I would take over the years.

But it taught me how to read a cash flow statement, and if you're in business the profit and loss statements is nice and the balance sheet is nice, but if you're a small businessman it's not about profits about cash. So if you can't read your cash flow statement you're very possibly going to have my problem which is you can have a successful business showing a very nice profit but running out of cash which is what happened to me. So I mean the knowledge from that specific course was really valuable. But more importantly, it gave me a roadmap on how to go from being a mediocre lucky business person to being a good business person that I can identify the leverage that needs to be pushed immediately to make a business successful as a unique ability. So we're starting down that road and learning what's the thought process was for doing that.

**Mark:** All right, great. Well, I think this has been a phenomenal podcast and your mentorship has been really valuable, but I'm going to put you on the spot and ask you for one more tip of the week a website, a resource, a book something actionable where the Art of Passive Income listeners can go right now improve their businesses, improve their lives, what have you got?

**Josh:** Well, this is kind of controversial you know because he's kind of a controversial guy in the business community which is Bob Kiyosaki. By the way, I say Bob Kiyosaki because I actually knew Bob before he became Robert. I met him in 1982 at a new age seminar that he was actually running but that's a different story in a long way. But in there he has a formula for investment versus expense and in his formula, it basically comes down to your house is not an investment it's an expense. The reason it's an expense it doesn't have positive cash flow. So if you're going to be in a passive business and it doesn't create positive cash flow from day one it's not a passive investment it's a passive liability. So anybody, especially, in the real estate business you're buying rental real estate and it doesn't have positive cash flow, in my opinion, you are completely wasting your time and putting yourself in extreme risk.

**Mark:** All right, fantastic. Scott Todd, what's your tip of the week.

**Scott:** Oh Mark, you got to check out this plug. It's a chrome plug in and it can be found in Ghostery.com are you are familiar with this thing?

**Mark:** Yeah, I have it. It's great.

**Scott:** Okay. So you know what's great to me about Ghostery and it's you know Ghost E-R-Y, [Ghostery.com](https://ghostery.com) and what's great about it is one when you install it and you go to a website what it does is it kind of alert you like hey all these cookies are tracking you and all that stuff and you say block I don't retract. Which is kind of cool but I've got a ninja technique for you, Mark.

**Mark:** Okay.

**Scott:** What you can do is you can go to our website so you can go to someone else's website another company for example and then once the page loads you can go in and you can start to look at that Ghostery logs to look at all the stuff that they are doing. You know like all the little plugins that they have going on the little cookies that they're collecting all the little you know like okay they're using Google Analytics. One of our land competitors you know I'm not going name which one but on one of them, I found that they were actually having a LinkedIn cookie for their LinkedIn ads. So then I'm like, "Damn." So use Ghostery, not like to protect yourself. I mean you could use to like ninja.

**Mark:** Ninja marketing.

**Scott:** That's it, man.

**Mark:** Yeah. I'll go on websites now and see oh they're using AdRoll for retargeting. Oh, they've got a Facebook Pixel for retargeting. Oh, they're using Mixpanel or whatever it is it's really, really interesting the data you can get from Ghostery. That's a great tip. Well, my tip of the week is learn more about the sagacious Josh Patrick at [Stage2Planning.com](https://stage2planning.com), [Stage2Planning.com](https://stage2planning.com). Josh, any final words of advice or is there any question that we should have asked you but we didn't ask you?

**Josh:** No, but I love Scott's tip of the week. I think it's an amazing. I love to spy on my competitors and better yet if you can come up with a guarantee that your competitors think you're nuts for doing that even better because two things happen. You get customers that you wouldn't have gotten and you drive your competitors completely out of their minds.

**Scott:** Mark, I've got to tell you I like it. I like what he just said because I got to tell you I think our guarantee on land is nutty like 90 days money back guarantee it's nutty, right? It makes me feel uncomfortable, but I've got to tell you, you have the same experience. You put it out there for 90 days and very few times that someone actually raise their hands and says, "I want my money back." When they do you like, "Whatever here just take it back. We weren't meant to be together anyway."

Then, I love when someone comes back and you know like, one of us I don't know someone in the land selling business and you like oh, they have a 30-day money back guarantee. It's like come on man, come on because I know that my 90 days drives them insane and they've got 30 days. I'm like, "Hey, if you don't like my 90 days go see their 30 days."

**Mark:** Oh yeah, absolutely. I have a 365 days exchange guarantee so a full year. It's nutty. I do want to remind the listeners that today's podcast is sponsored by [GeekPay.io](https://GeekPay.io) – the only set and forget it software system that will automate payments between lenders and borrowers. Get your first note for free at [TheLandGeek.com/GeekPay](https://TheLandGeek.com/GeekPay).

I also want to just remind you the only way, the only way we're going to get the quality of guests like a Josh Patrick from [Stage2Planning.com](https://Stage2Planning.com) is if you do us three little favors: you've got to subscribe, you've got to rate, you've got to review the podcast. Send us a screenshot of that review to [Support@TheLandGeek.com](mailto:Support@TheLandGeek.com) we're going to send you for free the \$97 *Passive Income Blueprint*. I'm sorry the *Passive Income Blueprint* is free, the *Passive Income Launch Kit* which is \$97, *Passive Income Launch Kit* course. So please do that? Josh, are we good?

**Josh:** We are good

**Mark:** Scott, are we good?

**Scott:** We are good, Mark.

**Mark:** All right, I want to thank the listeners and let freedom ring. Thanks, everybody.

*[End of Transcript]*