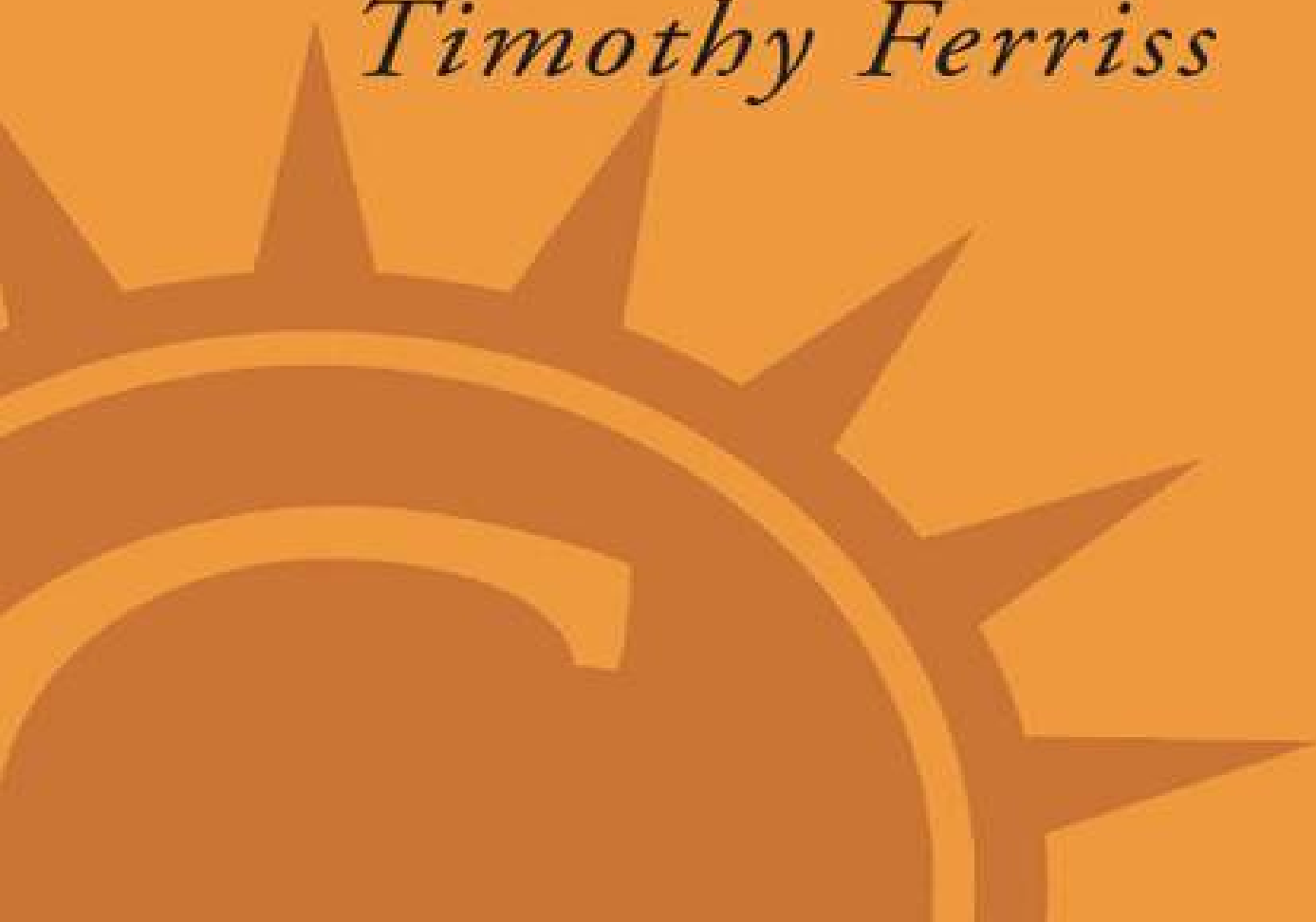


THE 4-HOUR WORKWEEK

• Escape 9–5, Live anywhere,
and Join the New Rich

Expanded and Updated

Timothy Ferriss

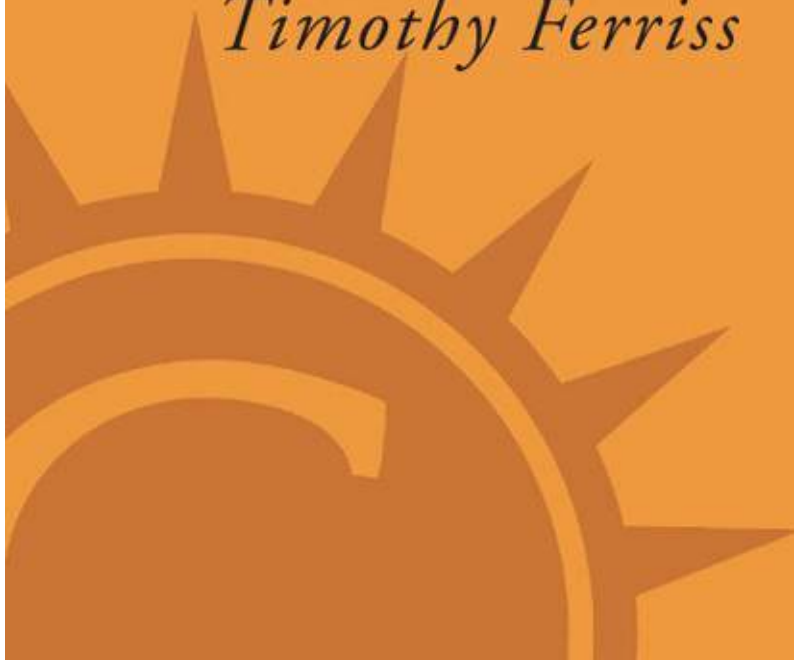


THE 4-HOUR WORKWEEK

•Escape 9–5, Live anywhere,
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Timothy Ferriss



PRAISE FOR

The 4-Hour Workweek

“It’s about time this book was written. It is a long-overdue manifesto for the mobile lifestyle, and Tim Ferriss is the ideal ambassador. This will be huge.”

—JACK CANFIELD, cocreator of *Chicken Soup for the Soul*®,
100+ million copies sold

“Stunning and amazing. From mini-retirements to outsourcing your life, it’s all here. Whether you’re a wage slave or a Fortune 500 CEO, this book will change your life!”

—PHIL TOWN, *New York Times* bestselling author of *Rule #1*

“*The 4-Hour Workweek* is a new way of solving a very old problem: just how can we work to live and prevent our lives from being all about work? A world of infinite options awaits those who would read this book and be inspired by it!”

—MICHAEL E. GERBER, founder and chairman of E-Myth Worldwide and the world’s #1 small business guru

“This is a whole new ball game. Highly recommended.”

—DR. STEWART D. FRIEDMAN, adviser to Jack Welch and former Vice President Al Gore on work/family issues and director of the Work/Life Integration Program at the Wharton School, University of Pennsylvania

“Timothy has packed more lives into his 29 years than Steve Jobs has in his 51.”

—TOM FOREMSKI, journalist and publisher of SiliconValleyWatcher.com

“If you want to live life on your own terms, this is your blueprint.”

—MIKE MAPLES, cofounder of Motive Communications (IPO to \$260M market cap) and founding executive of Tivoli (sold to IBM for \$750M)

“Thanks to Tim Ferriss, I have more time in my life to travel, spend time with family, and write book blurbs. This is a dazzling and highly useful work.”

—A. J. JACOBS, editor-at-large of *Esquire* magazine and author of *The Know-It-All*

“Tim is Indiana Jones for the digital age. I’ve already used his advice to go spearfishing on remote islands and ski the best hidden slopes of Argentina. Simply put, do what he says and you can live like a millionaire.”

—ALBERT POPE, derivatives specialist at UBS World Headquarters

“Reading this book is like putting a few zeros on your income. Tim brings lifestyle to a new level—listen to him!”

—MICHAEL D. KERLIN, McKinsey & Company consultant to Bush-Clinton Katrina Fund and a J. William Fulbright Scholar

“Part scientist and part adventure hunter, Tim Ferriss has created a road map for an entirely new world. I devoured

this book in one sitting—I have seen nothing like it.”

—CHARLES L. BROCK, chairman and CEO of Brock Capital Group; former CFO, COO, and general counsel of Scholastic, Inc.; and former president of the Harvard Law School Association

“Outsourcing is no longer just for Fortune 500 companies. Small and mid-sized firms, as well as busy professionals, can outsource their work to increase their productivity and free time for more important commitments. It’s time for the world to take advantage of this revolution.”

—VIVEK KULKARNI, CEO of Brickwork India and former IT secretary of Bangalore; credited as the “techno-bureaucrat” who helped make Bangalore an IT destination in India

“Tim is the master! I should know. I followed his rags to riches path and watched him transform himself from competitive fighter to entrepreneur. He tears apart conventional assumptions until he finds a better way.”

—DAN PARTLAND, Emmy Award–winning producer of *American High* and *Welcome to the Dollhouse*

“*The 4-Hour Workweek* is an absolute necessity for those adventurous souls who want to live life to its fullest. Buy it and read it before you sacrifice any more!”

—JOHN LUSK, group product manager at Microsoft World Headquarters

“If you want to live your dreams now, and not in 20 or 30 years, buy this book!”

—LAURA RODEN, chairman of the Silicon Valley Association of Startup Entrepreneurs and a lecturer in Corporate Finance at San Jose State University

“With this kind of time management and focus on the important things in life, people should be able to get 15 times as much done in a normal workweek.”

—TIM DRAPER, founder of Draper Fisher Jurvetson, financiers to innovators including Hotmail, Skype, and Overture.com

“Tim has done what most people only dream of doing. I can’t believe he is going to let his secrets out of the bag. This book is a must read!”

—STEPHEN KEY, top inventor and team designer of Teddy Ruxpin and Lazer Tag and a consultant to the television show *American Inventor*

The 4-Hour Workweek

► ESCAPE 9-5, LIVE ANYWHERE,
AND JOIN THE NEW RICH

Expanded and Updated

TIMOTHY FERRISS



CROWN PUBLISHERS NEW YORK

For my parents,
DONALD AND FRANCES FERRISS,
who taught a little hellion that marching to a different drummer
was a good thing. I love you both and owe you everything.

SUPPORT YOUR LOCAL TEACHER—
10% of all author royalties are donated to educational
not-for-profits, including [Donorschoose.org](https://www.donorschoose.org).

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► PREFACE TO THE EXPANDED AND UPDATED EDITION

The *4-Hour Workweek* was turned down by 26 out of 27 publishers.

After it was sold, the president of one potential marketing partner, a large bookseller, e-mailed me historical bestseller statistics to make it clear—this wouldn't be a mainstream success.

So I did all I knew how to do. I wrote it with two of my closest friends in mind, speaking directly to them and their problems—problems I long had—and I focused on the unusual options that had worked for me around the world.

I certainly tried to set conditions for making a sleeper hit possible, but I knew it wasn't likely. I hoped for the best and planned for the worst.

May 2, 2007, I receive a call on my cell phone from my editor.

“Tim, you hit the list.”

It was just past 5 P.M. in New York City, and I was exhausted. The book had launched five days before, and I had just finished a series of more than twenty radio interviews in succession, beginning at 6 A.M. that morning. I never planned a book tour, preferring instead to “batch” radio satellite tours into 48 hours.

“Heather, I love you, but please don't \$#%* with me.”

“No, you really hit the list. Congratulations, Mr. *New York Times* bestselling author!”

I leaned against the wall and slid down until I was sitting on the floor. I closed my eyes, smiled, and took a deep breath. Things were

about to change.

Everything was about to change.

Lifestyle Design from Dubai to Berlin

The *4-Hour Workweek* has now been sold into 35 languages. It's been on the bestseller lists for more than two years, and every month brings a new story and a new discovery.

From the *Economist* to the cover of the *New York Times Style* section, from the streets of Dubai to the cafes of Berlin, lifestyle design has cut across cultures to become a worldwide movement. The original ideas of the book have been broken apart, improved, and tested in environments and ways I never could have imagined.

So why the new edition if things are working so well? Because I knew it could be better, and there was a missing ingredient: you.

This expanded and updated edition contains more than 100 pages of new content, including the latest cutting-edge technologies, field-tested resources, and—most important—real-world success stories chosen from more than 400 pages of case studies submitted by readers.

Families and students? CEOs and professional vagabonds? Take your pick. There should be someone whose results you can duplicate. Need a template to negotiate remote work, a paid year in Argentina, perhaps? This time, it's in here.

The Experiments in Lifestyle Design blog (www.fourhourblog.com) was launched alongside the book, and within six months, it became one of the top 1,000 blogs in the world, out of more than 120 million. Thousands of readers have shared their own amazing tools and tricks, producing phenomenal and unexpected results. The blog became the laboratory I'd always wanted, and I encourage you to join us there.

The new "Best of the Blog" section includes several of the most popular posts from the Experiments in Lifestyle Design blog. On the blog itself, you can also find recommendations from everyone from Warren Buffett (seriously, I tracked him down and show you how I did

it) to chess prodigy Josh Waitzkin. It's an experimental playground for those who want better results in less time.

Not “Revised”

This is not a “revised” edition in the sense that the original no longer works. The typos and small mistakes have been fixed over more than 40 printings in the U.S. This is the first major overhaul, but not for the reason you'd expect.

Things have changed dramatically since April 2007. Banks are failing, retirement and pension funds are evaporating, and jobs are being lost at record rates. Readers and skeptics alike have asked: Can the principles and techniques in the book really still work in an economic recession or depression?

Yes and yes.

In fact, questions I posed during pre-crash lectures, including “How would your priorities and decisions change if you could never retire?” are no longer hypothetical. Millions of people have seen their savings portfolios fall 40% or more in value and are now looking for options C and D. Can they redistribute retirement throughout life to make it more affordable? Can they relocate a few months per year to a place like Costa Rica or Thailand to multiply the lifestyle output of their decreased savings? Sell their services to companies in the UK to earn in a stronger currency? The answer to all of them is, more than ever, yes.

The concept of lifestyle design as a replacement for multi-staged career planning is sound. It's more flexible and allows you to test different lifestyles without committing to a 10- or 20-year retirement plan that can fail due to market fluctuations outside of your control. People are open to exploring alternatives (and more forgiving of others who do the same), as many of the other options—the once “safe” options—have failed.

When everything and everyone is failing, what is the cost of a little experimentation outside of the norm? Most often, nothing. Flash

forward to 2011; is a job interviewer asking about that unusual gap year?

“Everyone was getting laid off and I had a once-in-a-lifetime chance to travel around the world. It was incredible.”

If anything, they’ll ask you how to do the same. The scripts in this book still work.

Facebook and LinkedIn launched in the post-2000 dot-com “depression.” Other recession-born babies include Monopoly, Apple, Cliff Bar, Scrabble, KFC, Domino’s Pizza, FedEx, and Microsoft. This is no coincidence, as economic downturns produce discounted infrastructure, outstanding freelancers at bargain prices, and rock-bottom advertising deals—all impossible when everyone is optimistic.

Whether a yearlong sabbatical, a new business idea, reengineering your life within the corporate beast, or dreams you’ve postponed for “some day,” there has never been a better time for testing the uncommon.

What’s the worst that could happen?

I encourage you to remember this often-neglected question as you begin to see the infinite possibilities outside of your current comfort zone. This period of collective panic is your big chance to dabble.

It’s been an honor to share the last two years with incredible readers around the world, and I hope you enjoy this new edition as much as I enjoyed putting it together.

I am, and will continue to be, a humble student of you all.

Un abrazo fuerte,

TIM FERRISS

*San Francisco, California
April 21, 2009*

First and Foremost

▶ **FAQ—DOUBTERS READ THIS**

Is lifestyle design for you? Chances are good that it is. Here are some of the most common doubts and fears that people have before taking the leap and joining the New Rich:

Do I have to quit or hate my job? Do I have to be a risk-taker?

No on all three counts. From using Jedi mind tricks to disappear from the office to designing businesses that finance your lifestyle, there are paths for every comfort level. How does a Fortune 500 employee explore the hidden jewels of China for a month and use technology to cover his tracks? How do you create a hands-off business that generates \$80K per month with no management? It's all here.

Do I have to be a single twenty-something?

Not at all. This book is for anyone who is sick of the deferred-life plan and wants to live life large instead of postpone it. Case studies range from a Lamborghini-driving 21-year-old to a single mother who traveled the world for five months with her two children. If you're sick of the standard menu of options and prepared to enter a world of infinite options, this book is for you.

Do I have to travel? I just want more time.

No. It's just one option. The objective is to create freedom of time and place and use both however *you* want.

Do I need to be born rich?

No. My parents have never made more than \$50,000 per year combined, and I've worked since age 14. I'm no Rockefeller and you needn't be either.

Do I need to be an Ivy League graduate?

Nope. Most of the role models in this book didn't go to the Harvards of the world, and some are dropouts. Top academic institutions are wonderful, but there are unrecognized benefits to not coming out of one. Grads from top schools are funneled into high-income 80-hour-per-week jobs, and 15–30 years of soul-crushing work has been accepted as the default path. How do I know? I've been there and seen the destruction. This book reverses it.

▶ MY STORY AND WHY YOU NEED THIS BOOK

Whenever you find yourself on the side of the majority, it is time to pause and reflect.

—MARK TWAIN

Anyone who lives within their means suffers from a lack of imagination.

—OSCAR WILDE, Irish dramatist and novelist

My hands were sweating again.

Staring down at the floor to avoid the blinding ceiling lights, I was supposedly one of the best in the world, but it just didn't register. My partner Alicia shifted from foot to foot as we stood in line with nine other couples, all chosen from over 1,000 competitors from 29 countries and four continents. It was the last day of the Tango World Championship semifinals, and this was our final run in front of the judges, television cameras, and cheering crowds. The other couples had an average of 15 years together. For us, it was the culmination of 5 months of nonstop 6-hour practices, and finally, it was showtime.

“How are you doing?” Alicia, a seasoned professional dancer, asked me in her distinctly Argentine Spanish.

“Fantastic. Awesome. Let's just enjoy the music. Forget the crowd—they're not even here.”

That wasn't entirely true. It was hard to even fathom 50,000 spectators and coordinators in La Rural, even if it was the biggest exhibition hall in Buenos Aires. Through the thick haze of cigarette

smoke, you could barely make out the huge undulating mass in the stands, and everywhere there was exposed floor, except the sacred 30' x 40' space in the middle of it all. I adjusted my pin-striped suit and fussed with my blue silk handkerchief until it was obvious that I was just fidgeting.

“Are you nervous?”

“I’m not nervous. I’m excited. I’m just going to have fun and let the rest follow.”

“Number 152, you’re up.” Our chaperone had done his job, and now it was our turn. I whispered an inside joke to Alicia as we stepped on the hardwood platform: “*Tranquilo*”—Take it easy. She laughed, and at just that moment, I thought to myself, “What on earth would I be doing right now, if I hadn’t left my job and the U.S. over a year ago?”

The thought vanished as quickly as it had appeared when the announcer came over the loudspeaker and the crowd erupted to match him: “Pareja numero 152, Timothy Ferriss y Alicia Monti, Ciudad de Buenos Aires!!!”

We were on, and I was beaming.

THE MOST FUNDAMENTAL of American questions is hard for me to answer these days, and luckily so. If it weren’t, you wouldn’t be holding this book in your hands.

“So, what do you do?”

Assuming you can find me (hard to do), and depending on when you ask me (I’d prefer you didn’t), I could be racing motorcycles in Europe, scuba diving off a private island in Panama, resting under a palm tree between kickboxing sessions in Thailand, or dancing tango in Buenos Aires. The beauty is, I’m not a multimillionaire, nor do I particularly care to be.

I never enjoyed answering this cocktail question because it reflects an epidemic I was long part of: job descriptions as self-descriptions. If someone asks me now and is anything but absolutely sincere, I explain my lifestyle of mysterious means simply.

“I’m a drug dealer.”

Pretty much a conversation ender. It's only half true, besides. The whole truth would take too long. How can I possibly explain that what I do with my time and what I do for money are completely different things? That I work less than four hours per week and make more per month than I used to make in a year?

For the first time, I'm going to tell you the real story. It involves a quiet subculture of people called the "New Rich."

What does an igloo-dwelling millionaire do that a cubicle-dweller doesn't? Follow an uncommon set of rules.

How does a lifelong blue-chip employee escape to travel the world for a month without his boss even noticing? He uses technology to hide the fact.

Gold is getting old. The New Rich (**NR**) are those who abandon the deferred-life plan and create luxury lifestyles in the present using the currency of the New Rich: time and mobility. This is an art and a science we will refer to as Lifestyle Design (**LD**).

I've spent the last three years traveling among those who live in worlds currently beyond your imagination. Rather than hating reality, I'll show you how to bend it to your will. It's easier than it sounds. My journey from grossly overworked and severely underpaid office worker to member of the **NR** is at once stranger than fiction and—now that I've deciphered the code—simple to duplicate. There is a recipe.

Life doesn't have to be so damn hard. It really doesn't. Most people, my past self included, have spent too much time convincing themselves that life has to be hard, a resignation to 9-to-5 drudgery in exchange for (sometimes) relaxing weekends and the occasional keep-it-short-or-get-fired vacation.

The truth, at least the truth I live and will share in this book, is quite different. From leveraging currency differences to outsourcing your life and disappearing, I'll show you how a small underground uses economic sleight-of-hand to do what most consider impossible.

If you've picked up this book, chances are that you don't want to sit behind a desk until you are 62. Whether your dream is escaping the rat race, real-life fantasy travel, long-term wandering, setting world records, or simply a dramatic career change, this book will give you

all the tools you need to make it a reality in the here-and-now instead of in the often elusive “retirement.” There is a way to get the rewards for a life of hard work without waiting until the end.

How? It begins with a simple distinction most people miss—one I missed for 25 years.

People don’t want to *be* millionaires—they want to experience what they believe only millions can buy. Ski chalets, butlers, and exotic travel often enter the picture. Perhaps rubbing cocoa butter on your belly in a hammock while you listen to waves rhythmically lapping against the deck of your thatched-roof bungalow? Sounds nice.

\$1,000,000 in the bank isn’t the fantasy. The fantasy is the lifestyle of complete freedom it supposedly allows. The question is then, *How can one achieve the millionaire lifestyle of complete freedom without first having \$1,000,000?*

In the last five years, I have answered this question for myself, and this book will answer it for you. I will show you exactly how I have separated income from time and created my ideal lifestyle in the process, traveling the world and enjoying the best this planet has to offer. How on earth did I go from 14-hour days and \$40,000 per year to 4-hour weeks and \$40,000-plus per month?

It helps to know where it all started. Strangely enough, it was in a class of soon-to-be investment bankers.

In 2002, I was asked by Ed Zschau, übermentor and my former professor of High-tech Entrepreneurship at Princeton University, to come back and speak to the same class about my business adventures in the real world. I was stuck. There were already decamillionaires speaking to the same class, and even though I had built a highly profitable sports supplement company, I marched to a distinctly different drummer.

Over the ensuing days, however, I realized that everyone seemed to be discussing how to build large and successful companies, sell out, and live the good life. Fair enough. The question no one really seemed to be asking or answering was, Why do it all in the first place? What is the pot of gold that justifies spending the best years of your life hoping for happiness in the last?

The lectures I ultimately developed, titled “Drug Dealing for Fun and Profit,” began with a simple premise: Test the most basic assumptions of the work-life equation.

- ▶ How do your decisions change if retirement isn’t an option?
- ▶ What if you could use a mini-retirement to sample your deferred-life plan reward before working 40 years for it?
- ▶ Is it really necessary to work like a slave to live like a millionaire?

Little did I know where questions like these would take me.

The uncommon conclusion? The commonsense rules of the “real world” are a fragile collection of socially reinforced illusions. This book will teach you how to see and seize the options others do not.

What makes this book different?

First, I’m not going to spend much time on the problem. I’m going to assume you are suffering from time famine, creeping dread, or—worst case—a tolerable and comfortable existence doing something unfulfilling. The last is most common and most insidious.

Second, this book is not about saving and will not recommend you abandon your daily glass of red wine for a million dollars 50 years from now. I’d rather have the wine. I won’t ask you to choose between enjoyment today or money later. I believe you can have both now. The goal is fun *and* profit.

Third, this book is not about finding your “dream job.” I will take as a given that, for most people, somewhere between six and seven billion of them, the perfect job is the one that takes the least time. The vast majority of people will never find a job that can be an unending source of fulfillment, so that is not the goal here; to free time and automate income is.

I OPEN EACH class with an explanation of the singular importance of being a “dealmaker.” The manifesto of the dealmaker is simple: Reality is negotiable. Outside of science and law, all rules can be bent or broken, and it doesn’t require being unethical.

The **DEAL** of deal making is also an acronym for the process of becoming a member of the New Rich.

The steps and strategies can be used with incredible results—whether you are an employee or an entrepreneur. Can you do everything I’ve done with a boss? No. Can you use the same principles to double your income, cut your hours in half, or at least double the usual vacation time? Most definitely.

Here is the step-by-step process you’ll use to reinvent yourself:

D for Definition turns misguided common sense upside down and introduces the rules and objectives of the new game. It replaces self-defeating assumptions and explains concepts such as relative wealth and eustress.¹ Who are the **NR** and how do they operate? This section explains the overall lifestyle design recipe—the fundamentals—before we add the three ingredients.

E for Elimination kills the obsolete notion of time management once and for all. It shows exactly how I used the words of an often-forgotten Italian economist to turn 12-hour days into two-hour days ... in 48 hours. Increase your per-hour results ten times or more with counterintuitive **NR** techniques for cultivating selective ignorance, developing a low-information diet, and otherwise ignoring the unimportant. This section provides the first of the three luxury lifestyle design ingredients: time.

A for Automation puts cash flow on autopilot using geographic arbitrage, outsourcing, and rules of nondecision. From bracketing to the routines of ultrasuccessful **NR**, it’s all here. This section provides the second ingredient of luxury lifestyle design: income.

L for Liberation is the mobile manifesto for the globally inclined. The concept of mini-retirements is introduced, as are the means for flawless remote control and escaping the boss. Liberation is not about cheap travel; it is about forever breaking the bonds that

confine you to a single location. This section delivers the third and final ingredient for luxury lifestyle design: mobility.

I should note that most bosses are less than pleased if you spend one hour in the office each day, and employees should therefore read the steps in the entrepreneurially minded **DEAL** order but implement them as **DELA**. If you decide to remain in your current job, it is necessary to create freedom of location before you cut your work hours by 80%. Even if you have never considered becoming an entrepreneur in the modern sense, the **DEAL** process will turn you into an entrepreneur in the purer sense as first coined by French economist J. B. Say in 1800—one who shifts economic resources out of an area of lower and into an area of higher yield.

Last but not least, much of what I recommend will seem impossible and even offensive to basic common sense—I expect that. Resolve now to test the concepts as an exercise in lateral thinking. If you try it, you'll see just how deep the rabbit hole goes, and you won't ever go back.

Take a deep breath and let me show you my world. And remember—*tranquilo*. It's time to have fun and let the rest follow.

TIM FERRISS

Tokyo, Japan
September 29, 2006

1. Uncommon terms are defined throughout this book as concepts are introduced. If something is unclear or you need a quick reference, please visit www.fourhourblog.com for an extensive glossary and other resources.

▶ CHRONOLOGY OF A PATHOLOGY

An expert is a person who has made all the mistakes that can be made in a very narrow field.

—NIELS BOHR, Danish physicist and Nobel Prize winner

Ordinarily he was insane, but he had lucid moments when he was merely stupid.

—HEINRICH HEINE, German critic and poet

This book will teach you the precise principles I have used to become the following:

- ▶ Princeton University guest lecturer in high-tech entrepreneurship
- ▶ First American in history to hold a Guinness World Record in tango
- ▶ Advisor to more than 30 world-record holders in professional and Olympic sports
- ▶ *Wired* magazine's "Greatest Self-Promoter of 2008"

- ▶ National Chinese kickboxing champion
- ▶ Horseback archer (*yabusame*) in Nikko, Japan
- ▶ Political asylum researcher and activist
- ▶ MTV breakdancer in Taiwan
- ▶ Hurling competitor in Ireland
- ▶ Actor on hit TV series in mainland China and Hong Kong (*Human Cargo*)

How I got to this point is a tad less glamorous:

1977 Born 6 weeks premature and given a 10% chance of living. I survive instead and grow so fat that I can't roll onto my stomach. A muscular imbalance of the eyes makes me look in opposite directions, and my mother refers to me affectionately as "tuna fish." So far so good.

1983 Nearly fail kindergarten because I refuse to learn the alphabet. My teacher refuses to explain why I should learn it, opting instead for "I'm the teacher—that's why." I tell her that's stupid and ask her to leave me alone so I can focus on drawing sharks. She sends me to the "bad table" instead and makes me eat a bar of soap. Disdain for authority begins.

1991 My first job. Ah, the memories. I'm hired for minimum wage as the cleaner at an ice cream parlor and quickly realize that the big boss's methods duplicate effort. I do it my way, finish in one hour instead of eight, and spend the rest of the time reading kung-fu magazines and practicing karate kicks outside. I am fired in a record three days, left with the parting comment, "Maybe someday you'll understand the value of hard work." It seems I still don't.

1993 I volunteer for a one-year exchange program in Japan, where people work themselves to death—a phenomenon called *karooshi*—

and are said to want to be Shinto when born, Christian when married, and Buddhist when they die. I conclude that most people are really confused about life. One evening, intending to ask my host mother to wake me the next morning (*okosu*), I ask her to violently rape me (*okasu*). She is very confused.

1996 I manage to slip undetected into Princeton, despite SAT scores 40% lower than the average and my high school admissions counselor telling me to be more “realistic.” I conclude I’m just not good at reality. I major in neuroscience and then switch to East Asian studies to avoid putting printer jacks on cat heads.

1997 Millionaire time! I create an audiobook called *How I Beat the Ivy League*, use all my money from three summer jobs to manufacture 500 tapes, and proceed to sell exactly none. I will allow my mother to throw them out only in 2006, just nine years of denial later. Such is the joy of baseless overconfidence.

1998 After four shot-putters kick a friend’s head in, I quit bouncing, the highest-paying job on campus, and develop a speed-reading seminar. I plaster campus with hundreds of god-awful neon green flyers that read, “triple your reading speed in 3 hours!” and prototypical Princeton students proceed to write “bullsh*t” on every single one. I sell 32 spots at \$50 each for the 3-hour event, and \$533 per hour convinces me that finding a market before designing a product is smarter than the reverse. Two months later, I’m bored to tears of speed-reading and close up shop. I hate services and need a product to ship.

Fall 1998 A huge thesis dispute and the acute fear of becoming an investment banker drive me to commit academic suicide and inform the registrar that I am quitting school until further notice. My dad is convinced that I’ll never go back, and I’m convinced that my life is over. My mom thinks it’s no big deal and that there is no need to be a drama queen.

Spring 1999 In three months, I accept and quit jobs as a curriculum designer at Berlitz, the world’s largest publisher of foreign-language materials, and as an analyst at a three-person political asylum research firm. Naturally, I then fly to Taiwan to create a gym chain out of thin

air and get shut down by Triads, Chinese mafia. I return to the U.S. defeated and decide to learn kickboxing, winning the national championship four weeks later with the ugliest and most unorthodox style ever witnessed.

Fall 2000 Confidence restored and thesis completely undone, I return to Princeton. My life does not end, and it seems the yearlong delay has worked out in my favor. Twenty-somethings now have David Koresh-like abilities. My friend sells a company for \$450 million, and I decide to head west to sunny California to make my billions. Despite the hottest job market in the history of the world, I manage to go jobless until three months after graduation, when I pull out my trump card and send one start-up CEO 32 consecutive e-mails. He finally gives in and puts me in sales.

Spring 2001 TrueSAN Networks has gone from a 15-person nobody to the “number one privately held data storage company” (how is that measured?) with 150 employees (what are they all doing?). I am ordered by a newly appointed sales director to “start with A” in the phone book and dial for dollars. I ask him in the most tactful way possible why we are doing it like retards. He says, “Because I say so.” Not a good start.

Fall 2001 After a year of 12-hour days, I find out that I’m the second-lowest-paid person in the company aside from the receptionist. I resort to aggressively surfing the web full-time. One afternoon, having run out of obscene video clips to forward, I investigate how hard it would be to start a sports nutrition company. Turns out that you can outsource everything from manufacturing to ad design. Two weeks and \$5,000 of credit card debt later, I have my first batch in production and a live website. Good thing, too, as I’m fired exactly one week later.

2002–2003 BrainQUICKEN LLC has taken off, and I’m now making more than \$40K per month instead of \$40K per year. The only problem is that I hate life and now work 12-hour-plus days 7 days a week. Kinda painted myself into a corner. I take a one-week “vacation” to Florence, Italy, with my family and spend 10 hours a day in an Internet café freaking out. Sh*t balls. I begin teaching Princeton students how to build “successful” (i.e., profitable)

companies.

Winter 2004 The impossible happens and I'm approached by an infomercial production company and an Israeli conglomerate (huh?) interested in buying my baby BrainQUICKEN. I simplify, eliminate, and otherwise clean house to make myself expendable. Miraculously, BQ doesn't fall apart, but both deals do. Back to Groundhog Day. Soon thereafter, both companies attempt to replicate my product and lose millions of dollars.

June 2004 I decide that, even if my company implodes, I need to escape before I go Howard Hughes. I turn everything upside down and —backpack in hand—go to JFK Airport in New York City, buying the first one-way ticket to Europe I can find. I land in London and intend to continue on to Spain for four weeks of recharging my batteries before returning to the salt mines. I start my relaxation by promptly having a nervous breakdown the first morning.

July 2004–2005 Four weeks turn into eight, and I decide to stay overseas indefinitely for a final exam in automation and experimental living, limiting e-mail to one hour each Monday morning. As soon as I remove myself as a bottleneck, profits increase 40%. What on earth do you do when you no longer have work as an excuse to be hyperactive and avoid the big questions? Be terrified and hold on to your ass with both hands, apparently.

September 2006 I return to the U.S. in an odd, Zen-like state after methodically destroying all of my assumptions about what can and cannot be done. “Drug Dealing for Fun and Profit” has evolved into a class on ideal lifestyle design. The new message is simple: I've seen the promised land, and there is good news. You can have it all.

Step I:

D is for Definition

**Reality is merely an illusion,
albeit a very persistent one.**

—ALBERT EINSTEIN

Cautions and Comparisons

► HOW TO BURN \$1,000,000 A NIGHT

These individuals have riches just as we say that we “have a fever,” when really the fever has us.

— SENECA (4 B.C.–A.D. 65)

I also have in mind that seemingly wealthy, but most terribly impoverished class of all, who have accumulated dross, but know not how to use it, or get rid of it, and thus have forged their own golden or silver fetters.

— HENRY DAVID THOREAU (1817–1862)

1:00 A.M. CST / 30,000 FEET OVER LAS VEGAS

His friends, drunk to the point of speaking in tongues, were asleep. It was just the two of us now in first-class. He extended his hand to introduce himself, and an enormous—Looney Tunes enormous—diamond ring appeared from the ether as his fingers crossed under my reading light.

Mark was a legitimate magnate. He had, at different times, run practically all the gas stations, convenience stores, and gambling in South Carolina. He confessed with a half smile that, in an average trip to Sin City, he and his fellow weekend warriors might lose an average of \$500,000 to \$1,000,000—each. Nice.

He sat up in his seat as the conversation drifted to my travels, but I

was more interested in his astounding record of printing money.

“So, of all your businesses, which did you like the most?”

The answer took less than a second of thought.

“None of them.”

He explained that he had spent more than 30 years with people he didn't like to buy things he didn't need. Life had become a succession of trophy wives—he was on lucky number three—expensive cars, and other empty bragging rights. Mark was one of the living dead.

This is exactly where we don't want to end up.

Apples and Oranges: A Comparison

So, what makes the difference? What separates the New Rich, characterized by options, from the Deferrers (**D**), those who save it all for the end only to find that life has passed them by?

It begins at the beginning. The New Rich can be separated from the crowd based on their goals, which reflect very distinct priorities and life philosophies.

Note how subtle differences in wording completely change the necessary actions for fulfilling what at a glance appear to be similar goals. These are not limited to business owners. Even the first, as I will show later, applies to employees.

D: To work for yourself.

NR: To have others work for you.

D: To work when you want to.

NR: To prevent work for work's sake, and to do the minimum necessary for maximum effect (“minimum effective load”).

D: To retire early or young.

To distribute recovery periods and adventures (mini-retirements)

NR: throughout life on a regular basis and recognize that inactivity is not the goal. Doing that which excites you is.

D: To buy all the things you want to have.

To do all the things you want to do, and be all the things you

NR: want to be. If this includes some tools and gadgets, so be it, but they are either means to an end or bonuses, not the focus.

D: To be the boss instead of the employee; to be in charge.

NR: To be neither the boss nor the employee, but the owner. To own the trains and have someone else ensure they run on time.

D: To make a ton of money.

To make a ton of money with specific reasons and defined

NR: dreams to chase, timelines and steps included. What are you working for?

D: To have more.

To have more quality and less clutter. To have huge financial reserves but recognize that most material wants are justifications for spending time on the things that don't really matter, including buying things and preparing to buy things. You spent

NR: two weeks negotiating your new Infiniti with the dealership and

got \$10,000 off? That's great. Does your life have a purpose? Are you contributing anything useful to this world, or just shuffling papers, banging on a keyboard, and coming home to a drunken existence on the weekends?

D: To reach the big pay-off, whether IPO, acquisition, retirement, or other pot of gold.

NR: To think big but ensure payday comes every day: cash flow first, big payday second.

D: To have freedom from doing that which you dislike.

NR: To have freedom from doing that which you dislike, but also the freedom and resolve to pursue your dreams without reverting to work for work's sake (W4W). After years of repetitive work, you will often need to dig hard to find your passions, redefine your dreams, and revive hobbies that you let atrophy to near extinction. The goal is not to simply eliminate the bad, which does nothing more than leave you with a vacuum, but to pursue and experience the best in the world.

Getting Off the Wrong Train

The first principle is that you must not fool yourself, and you are the easiest person to fool.

—RICHARD P. FEYNMAN, Nobel Prize-winning physicist

nough is enough. Lemmings no more. The blind quest for cash is a

fool's errand.

E I've chartered private planes over the Andes, enjoyed many of the best wines in the world in between world-class ski runs, and lived like a king, lounging by the infinity pool of a private villa. Here's the little secret I rarely tell: It all cost less than rent in the U.S. If you can free your time and location, your money is automatically worth 3–10 times as much.

This has nothing to do with currency rates. Being financially rich and having the ability to live like a millionaire are fundamentally two very different things.

Money is multiplied in practical value depending on the number of W's you control in your life: **what** you do, **when** you do it, **where** you do it, and with **whom** you do it. I call this the "freedom multiplier."

Using this as our criterion, the 80-hour-per-week, \$500,000-per-year investment banker is less "powerful" than the employed **NR** who works $\frac{1}{4}$ the hours for \$40,000, but has complete freedom of when, where, and how to live. The former's \$500,000 may be worth less than \$40,000 and the latter's \$40,000 worth more than \$500,000 when we run the numbers and look at the lifestyle output of their money.

Options—the ability to choose—is real power. This book is all about how to see and create those options with the least effort and cost. It just so happens, paradoxically, that you can make more money—a lot more money—by doing half of what you are doing now.

So, Who Are the NR?

- ▶ The employee who rearranges his schedule and negotiates a remote work agreement to achieve 90% of the results in one-tenth of the time, which frees him to practice cross-country skiing and take road trips with his family two weeks

per month.

- ▶ The business owner who eliminates the least profitable customers and projects, outsources all operations entirely, and travels the world collecting rare documents, all while working remotely on a website to showcase her own illustration work.
- ▶ The student who elects to risk it all—which is nothing—to establish an online video rental service that delivers \$5,000 per month in income from a small niche of Blu-ray aficionados, a two-hour-per-week side project that allows him to work full-time as an animal rights lobbyist.

The options are limitless, but each path begins with the same first step: replacing assumptions.

To join the movement, you will need to learn a new lexicon and recalibrate direction using a compass for an unusual world. From inverting responsibility to jettisoning the entire concept of “success,” we need to change the rules.

**New Players for a New Game:
Global and Unrestricted**

TURIN, ITALY

Civilization had too many rules for me, so I did my best to rewrite

them.

—BILL COSBY

As he rotated 360 degrees through the air, the deafening noise turned to silence. Dale Begg-Smith executed the backflip perfectly—skis crossed in an X over his head—and landed in the record books as he slid across the finish.

It was February 16, 2006, and he was now a mogul-skiing gold medalist at the Turin Winter Olympics. Unlike other full-time athletes, he will never have to return to a dead-end job after his moment of glory, nor will he look back at this day as the climax of his only passion. After all, he was only 21 years old and drove a black Lamborghini.

Born a Canadian and something of a late bloomer, Dale found his calling, an Internet-based IT company, at the age of 13. Fortunately, he had a more-experienced mentor and partner to guide him: his 15-year-old brother, Jason. Created to fund their dreams of standing atop the Olympic podium, it would, only two years later, become the third-largest company of its kind in the world.

While Dale's teammates were hitting the slopes for extra sessions, he was often buying sake for clients in Tokyo. In a world of "work harder, not smarter," it came to pass that his coaches felt he was spending too much time on his business and not enough time in training, despite his results.

Rather than choose between his business or his dream, Dale chose to move laterally with both, from either/or to both/and. He wasn't spending too much time on his business; he and his brother were spending too much time with Canucks.

In 2002, they moved to the ski capital of the world, Australia,

where the team was smaller, more flexible, and coached by a legend. Three short years later, he received citizenship, went head-to-head against former teammates, and became the third “Aussie” in history to win winter gold.

In the land of wallabies and big surf, Dale has since gone postal. Literally. Right next to the Elvis Presley commemorative edition, you can buy stamps with his face on them.

Fame has its perks, as does looking outside the choices presented to you. There are always lateral options.

NEW CALEDONIA, SOUTH PACIFIC OCEAN

Once you say you’re going to settle for second, that’s what happens to you in life.

—JOHN F. KENNEDY

Some people remain convinced that just a bit more money will make things right. Their goals are arbitrary moving targets: \$300,000 in the bank, \$1,000,000 in the portfolio, \$100,000 a year instead of \$50,000, etc. Julie’s goal made intrinsic sense: come back with the same number of children she had left with.

She reclined in her seat and glanced across the aisle past her sleeping husband, Marc, counting as she had done thousands of times—one, two, three. So far so good. In 12 hours, they would all be back in Paris, safe and sound. That was assuming the plane from New Caledonia held together, of course.

New Caledonia?

Nestled in the tropics of the Coral Sea, New Caledonia was a French territory and where Julie and Marc had just sold the sailboat that took them 15,000 miles around the world. Of course, recouping

their initial investment had been part of the plan. All said and done, their 15-month exploration of the globe, from the gondola-rich waterways of Venice to the tribal shores of Polynesia, had cost between \$18,000 and \$19,000. Less than rent and baguettes in Paris.

Most people would consider this impossible. Then again, most people don't know that more than 300 families set sail from France each year to do the same.

The trip had been a dream for almost two decades, relegated to the back of the line behind an ever-growing list of responsibilities. Each passing moment brought a new list of reasons for putting it off. One day, Julie realized that if she didn't do it now, she would never do it. The rationalizations, legitimate or not, would just continue to add up and make it harder to convince herself that escape was possible.

One year of preparation and one 30-day trial run with her husband later, they set sail on the trip of a lifetime. Julie realized almost as soon as the anchor lifted that, far from being a reason not to travel and seek adventure, children are perhaps the best reason of all to do both.

Pre-trip, her three little boys had fought like banshees at the drop of a hat. In the process of learning to coexist in a floating bedroom, they learned patience, as much for themselves as for the sanity of their parents. Pre-trip, books were about as appealing as eating sand. Given the alternative of staring at a wall on the open sea, all three learned to love books. Pulling them out of school for one academic year and exposing them to new environments had proven to be the best investment in their education to date.

Now sitting in the plane, Julie looked out at the clouds as the

wing cut past them, already thinking of their next plans: to find a place in the mountains and ski all year long, using income from a sail-rigging workshop to fund the slopes and more travel.

Now that she had done it once, she had the itch.

► LIFESTYLE DESIGN IN ACTION

I was done with driving across town to collect my son from child-care only to slide across icy highways trying to get back to work with him in tow to finish my work. My mini-retirement brought us both to live at an alternative boarding school full of creative lifestyle redesigning children and staff in a gorgeous Florida forest with a spring-fed pond and plenty of sunshine. You can easily search for alternative schools or traditional schools that might accept your children during your stay. Alternative schools often see themselves as supportive communities and are exceptionally welcoming. You might even find an opportunity to work at a school where you could experience a new environment with your child.

—*DEB*

...

Tim,

Your book and blog have inspired me to quit my job, write two e-books, sky dive, backpack through South America, sell all the clutter in my life, and host an annual convention of the world's top dating instructors (my primary business venture, third year running). The best part? I can't even buy a drink yet.

Thank you so much, bro!

—*ANTHONY*

Rules That Change the Rules

► EVERYTHING POPULAR IS WRONG

I can't give you a surefire formula for success, but I can give you a formula for failure: try to please everybody all the time.

—HERBERT BAYARD SWOPE, American editor and journalist; first recipient of the Pulitzer Prize

Everything popular is wrong.

—OSCAR WILDE, *The Importance of Being Earnest*

Beating the Game, Not Playing the Game

In 1999, sometime after quitting my second unfulfilling job and eating peanut-butter sandwiches for comfort, I won the gold medal at the Chinese Kickboxing (Sanshou) National Championships.

It wasn't because I was good at punching and kicking. God forbid. That seemed a bit dangerous, considering I did it on a dare and had four weeks of preparation. Besides, I have a watermelon head—it's a big target.

I won by reading the rules and looking for unexploited opportunities, of which there were two:

- 1. Weigh-ins were the day prior to competition:** Using dehydration techniques commonly practiced by elite powerlifters and Olympic wrestlers, I lost 28 pounds in 18 hours, weighed in

at 165 pounds, and then hyperhydrated back to 193 pounds.² It's hard to fight someone from three weight classes above you. Poor little guys.

2. There was a technicality in the fine print: If one combatant fell off the elevated platform three times in a single round, his opponent won by default. I decided to use this technicality as my principal technique and push people off. As you might imagine, this did not make the judges the happiest Chinese I've ever seen.

The result? I won all of my matches by technical knock-out (TKO) and went home national champion, something 99% of those with 5–10 years of experience had been unable to do.

But, isn't pushing people out of the ring pushing the boundaries of ethics? Not at all—it's no more than doing the uncommon within the rules. The important distinction is that between official rules and self-imposed rules. Consider the following example, from the official website of the Olympic movement (www.olympic.org).

The 1968 Mexico City Olympics marked the international debut of Dick Fosbury and his celebrated "Fosbury flop," which would soon revolutionize high-jumping. At the time, jumpers... swung their outside foot up and over the bar [called the "straddle," much like a hurdle jump, it allowed you to land on your feet]. Fosbury's technique began by racing up to the bar at great speed and taking off from his right (or outside) foot. Then he twisted his body so that he went over the bar head-first with his back to the bar. While the coaches of the world shook their heads in disbelief, the Mexico City audience was absolutely captivated by Fosbury and shouted, "Olé!" as he cleared the bar. Fosbury cleared every height through 2.22 metres without a miss and then achieved a personal record of 2.24 metres to win the gold medal.

By 1980, 13 of the 16 Olympic finalists were using the Fosbury flop.

The weight-cutting techniques and off-platform throwing I used are

now standard features of Sanshou competition. I didn't cause it, I just foresaw it as inevitable, as did others who tested this superior approach. Now it's par for the course.

Sports evolve when sacred cows are killed, when basic assumptions are tested.

The same is true in life and in lifestyles.

Challenging the Status Quo vs. Being Stupid

Most people walk down the street on their legs. Does that mean I walk down the street on my hands? Do I wear my underwear outside of my pants in the name of being different? Not usually, no. Then again, walking on my legs and keeping my thong on the inside have worked just fine thus far. I don't fix it if it isn't broken.

Different is better when it is more effective or more fun.

If everyone is defining a problem or solving it one way and the results are subpar, this is the time to ask, What if I did the opposite? Don't follow a model that doesn't work. If the recipe sucks, it doesn't matter how good a cook you are.

When I was in data storage sales, my first gig out of college, I realized that most cold calls didn't get to the intended person for one reason: gatekeepers. If I simply made all my calls from 8:00–8:30 A.M. and 6:00–6:30 P.M., for a total of one hour, I was able to avoid secretaries and book more than twice as many meetings as the senior sales executives who called from 9–5. In other words, I got twice the results for 1/8 the time.

From Japan to Monaco, from globetrotting single mothers to multimillionaire racecar drivers, the basic rules of successful NR are surprisingly uniform and predictably divergent from what the rest of the world is doing.

The following rules are the fundamental differentiators to keep in mind throughout this book.

1. Retirement Is Worst-Case-Scenario Insurance.

Retirement planning is like life insurance. It should be viewed as nothing more than a hedge against the absolute worst-case scenario: in this case, becoming physically incapable of working and needing a reservoir of capital to survive.

Retirement as a goal or final redemption is flawed for at least three solid reasons:

- a. It is predicated on the assumption that you dislike what you are doing during the most physically capable years of your life. This is a nonstarter—nothing can justify that sacrifice.
- b. Most people will never be able to retire and maintain even a hotdogs-for-dinner standard of living. Even one million is chump change in a world where traditional retirement could span 30 years and inflation lowers your purchasing power 2–4% per year. The math doesn't work.³The golden years become lower-middle-class life revisited. That's a bittersweet ending.
- c. If the math does work, it means that you are one ambitious, hardworking machine. If that's the case, guess what? One week into retirement, you'll be so damn bored that you'll want to stick bicycle spokes in your eyes. You'll probably opt to look for a new job or start another company. Kinda defeats the purpose of waiting, doesn't it?

I'm not saying don't plan for the worst case—I have maxed out 401(k)s and IRAs I use primarily for tax purposes—but don't mistake retirement for the goal.

2. Interest and Energy Are Cyclical.

If I offered you \$10,000,000 to work 24 hours a day for 15 years and then retire, would you do it? Of course not—you couldn't. It is unsustainable, just as what most define as a career: doing the same thing for 8+ hours per day until you break down or have enough cash to permanently stop.

How else can my 30-year-old friends all look like a cross

between Donald Trump and Joan Rivers? It's horrendous—premature aging fueled by triple bypass frappuccinos and impossible workloads.

Alternating periods of activity and rest is necessary to survive, let alone thrive. Capacity, interest, and mental endurance all wax and wane. Plan accordingly.

The **NR** aims to distribute “mini-retirements” throughout life instead of hoarding the recovery and enjoyment for the fool's gold of retirement. By working only when you are most effective, life is both more productive and more enjoyable. It's the perfect example of having your cake and eating it, too.

Personally, I now aim for one month of overseas relocation or high-intensity learning (tango, fighting, whatever) for every two months of work projects.

3. Less Is Not Laziness.

Doing less meaningless work, so that you can focus on things of greater personal importance, is NOT laziness. This is hard for most to accept, because our culture tends to reward personal sacrifice instead of personal productivity.

Few people choose to (or are able to) measure the results of their actions and thus measure their contribution in time. More time equals more self-worth and more reinforcement from those above and around them. The **NR**, despite fewer hours in the office, produce more meaningful results than the next dozen non-**NR** combined.

Let's define “laziness” anew—to endure a non-ideal existence, to let circumstance or others decide life for you, or to amass a fortune while passing through life like a spectator from an office window. The size of your bank account doesn't change this, nor does the number of hours you log in handling unimportant e-mail or minutiae.

Focus on being productive instead of busy.

4. The Timing Is Never Right.

I once asked my mom how she decided when to have her first child, little ol' me. The answer was simple: "It was something we wanted, and we decided there was no point in putting it off. The timing is never right to have a baby." And so it is.

For all of the most important things, the timing always sucks. Waiting for a good time to quit your job? The stars will never align and the traffic lights of life will never all be green at the same time. The universe doesn't conspire against you, but it doesn't go out of its way to line up all the pins either. Conditions are never perfect. "Someday" is a disease that will take your dreams to the grave with you. Pro and con lists are just as bad. If it's important to you and you want to do it "eventually," just do it and correct course along the way.

5. Ask for Forgiveness, Not Permission.

If it isn't going to devastate those around you, try it and then justify it. People—whether parents, partners, or bosses—deny things on an emotional basis that they can learn to accept after the fact. If the potential damage is moderate or in any way reversible, don't give people the chance to say no. Most people are fast to stop you before you get started but hesitant to get in the way if you're moving. Get good at being a troublemaker and saying sorry when you really screw up.

6. Emphasize Strengths, Don't Fix Weaknesses.

Most people are good at a handful of things and utterly miserable at most. I am great at product creation and marketing but terrible at most of the things that follow.

My body is designed to lift heavy objects and throw them, and that's it. I ignored this for a long time. I tried swimming and looked like a drowning monkey. I tried basketball and looked like a caveman. Then I became a fighter and took off.

It is far more lucrative and fun to leverage your strengths

instead of attempting to fix all the chinks in your armor. The choice is between *multiplication* of results using strengths or *incremental* improvement fixing weaknesses that will, at best, become mediocre. Focus on better use of your best weapons instead of constant repair.

7. Things in Excess Become Their Opposite.

It is possible to have too much of a good thing. In excess, most endeavors and possessions take on the characteristics of their opposite. Thus:

Pacifists become militants.

Freedom fighters become tyrants.

Blessings become curses.

Help becomes hindrance. More becomes less.⁴

Too much, too many, and too often of what you want becomes what you don't want. This is true of possessions and even time. Lifestyle Design is thus not interested in creating an excess of idle time, which is poisonous, but the positive use of free time, defined simply as doing what you want as opposed to what you feel obligated to do.

8. Money Alone Is Not the Solution.

There is much to be said for the power of money as currency (I'm a fan myself), but adding more of it just isn't the answer as often as we'd like to think. In part, it's laziness. "If only I had more money" is the easiest way to postpone the intense self-examination and decision-making necessary to create a life of enjoyment—now and not later. By using money as the scapegoat and work as our all-consuming routine, we are able to conveniently disallow ourselves the time to do otherwise: "John, I'd love to talk about the gaping void I feel in my life, the hopelessness that hits me like a punch in the eye every time I start my computer in the morning, but I have so much work to do! I've

got at least three hours of unimportant e-mail to reply to before calling the prospects who said ‘no’ yesterday. Gotta run!”

Busy yourself with the routine of the money wheel, pretend it’s the fix-all, and you artfully create a constant distraction that prevents you from seeing just how pointless it is. Deep down, you know it’s all an illusion, but with everyone participating in the same game of make-believe, it’s easy to forget.

The problem is more than money.

9. Relative Income Is More Important Than Absolute Income.

Among dietitians and nutritionists, there is some debate over the value of a calorie. Is a calorie a calorie, much like a rose is a rose? Is fat loss as simple as expending more calories than you consume, or is the source of those calories important? Based on work with top athletes, I know the answer to be the latter.

What about income? Is a dollar is a dollar is a dollar? The New Rich don’t think so.

Let’s look at this like a fifth-grade math problem. Two hardworking chaps are headed toward each other. Chap A moving at 80 hours per week and Chap B moving at 10 hours per week. They both make \$50,000 per year. Who will be richer when they pass in the middle of the night? If you said B, you would be correct, and this is the difference between **absolute** and **relative** income.

Absolute income is measured using one holy and inalterable variable: the raw and almighty dollar. Jane Doe makes \$100,000 per year and is thus twice as rich as John Doe, who makes \$50,000 per year.

Relative income uses two variables: the dollar and time, usually hours. The whole “per year” concept is arbitrary and makes it easy to trick yourself. Let’s look at the real trade. Jane Doe makes \$100,000 per year, \$2,000 for each of 50 weeks per year, and works 80 hours per week. Jane Doe thus makes \$25 per hour. John Doe makes \$50,000 per year, \$1,000 for each of 50 weeks

per year, but works 10 hours per week and hence makes \$100 per hour. In relative income, John is *four times* richer.

Of course, relative income has to add up to the minimum amount necessary to actualize your goals. If I make \$100 per hour but only work one hour per week, it's going to be hard for me to run amuck like a superstar. Assuming that the total absolute income is where it needs to be to live my dreams (not an arbitrary point of comparison with the Joneses), relative income is the real measurement of wealth for the New Rich.

The top New Rich mavericks make at least \$5,000 per hour. Out of college, I started at about \$5. I'll get you closer to the former.

10. Distress Is Bad, Eustress Is Good.

Unbeknownst to most fun-loving bipeds, not all stress is bad. Indeed, the New Rich don't aim to eliminate all stress. Not in the least. There are two separate types of stress, each as different as euphoria and its seldom-mentioned opposite, *dysphoria*.

Distress refers to harmful stimuli that make you weaker, less confident, and less able. Destructive criticism, abusive bosses, and smashing your face on a curb are examples of this. These are things we want to avoid.

Eustress, on the other hand, is a word most of you have probably never heard. *Eu-*, a Greek prefix for "healthy," is used in the same sense in the word "euphoria." Role models who push us to exceed our limits, physical training that removes our spare tires, and risks that expand our sphere of comfortable action are all examples of eustress—stress that is healthful and the stimulus for growth.

People who avoid all criticism fail. It's destructive criticism we need to avoid, not criticism in all forms. Similarly, there is no progress without eustress, and the more eustress we can create or apply to our lives, the sooner we can actualize our dreams. The trick is telling the two apart.

The New Rich are equally aggressive in removing distress and finding eustress.

► **Q&A: QUESTIONS AND ACTIONS**

1. How has being “realistic” or “responsible” kept you from the life you want?
2. How has doing what you “should” resulted in subpar experiences or regret for not having done something else?
3. Look at what you’re currently doing and ask yourself, “What would happen if I did the opposite of the people around me? What will I sacrifice if I continue on this track for 5, 10, or 20 years?”

2. Most people will assume this type of weight manipulation is impossible, so I’ve provided sample photographs at www.fourhourblog.com. Do NOT try this at home. I did it all under medical supervision.

3. “Living Well” (*Barron’s*, March 20, 2006, Suzanne McGee).

4. Goldian VandenBroeck, ed. From *Less Is More: An Anthology of Ancient and Modern Voices Raised in Praise of Simplicity* (Inner Traditions, 1996).

Dodging Bullets

► FEAR-SETTING AND ESCAPING PARALYSIS

Many a false step was made by standing still.

—FORTUNE COOKIE

Named must your fear be before banish it you can.

—YODA, from *Star Wars: The Empire Strikes Back*

RIO DE JANEIRO, BRAZIL

Twenty feet and closing.

“Run! Ruuuuuuuuuun!” Hans didn’t speak Portuguese, but the meaning was clear enough—haul ass. His sneakers gripped firmly on the jagged rock, and he drove his chest forward toward 3,000 feet of nothing.

He held his breath on the final step, and the panic drove him to near unconsciousness. His vision blurred at the edges, closing to a single pinpoint of light, and then ... he floated. The all-consuming celestial blue of the horizon hit his visual field an instant after he realized that the thermal updraft had caught him and the wings of the paraglider. Fear was behind him on the mountaintop, and thousands of feet above the resplendent green rain forest and pristine white beaches of Copacabana, Hans Keeling had seen the light.

That was Sunday.

On Monday, Hans returned to his law office in Century City, Los Angeles’s posh corporate haven, and promptly handed in his three-week notice. For nearly five years, he had faced his alarm clock with

the same dread: I have to do *this* for another 40–45 years? He had once slept under his desk at the office after a punishing half-done project, only to wake up and continue on it the next morning. That same morning, he had made himself a promise: two more times and I'm out of here. Strike number three came the day before he left for his Brazilian vacation.

We all make these promises to ourselves, and Hans had done it before as well, but things were now somehow different. He was different. He had realized something while arcing in slow circles toward the earth—risks weren't that scary once you took them. His colleagues told him what he expected to hear: He was throwing it all away. He was an attorney on his way to the top—what the hell did he want?

Hans didn't know exactly what he wanted, but he had tasted it. On the other hand, he did know what bored him to tears, and he was done with it. No more passing days as the living dead, no more dinners where his colleagues compared cars, riding on the sugar high of a new BMW purchase until someone bought a more expensive Mercedes. It was over.

Immediately, a strange shift began—Hans felt, for the first time in a long time, at peace with himself and what he was doing. He had always been terrified of plane turbulence, as if he might die with the best inside of him, but now he could fly through a violent storm sleeping like a baby. Strange indeed.

More than a year later, he was still getting unsolicited job offers from law firms, but by then had started Nexus Surf,⁵ a premier surf-adventure company based in the tropical paradise of Florianopolis, Brazil. He had met his dream girl, a Carioca with caramel-colored skin named Tatiana, and spent most of his time relaxing under palm trees or treating clients to the best times of their lives.

Is this what he had been so afraid of?

These days, he often sees his former self in the underjoyed and overworked professionals he takes out on the waves. Waiting for the swell, the true emotions come out: “God, I wish I could do what you do.” His reply is always the same: “You can.”

The setting sun reflects off the surface of the water, providing a Zen-like setting for a message he knows is true: It's not giving up to put your current path on indefinite pause. He could pick up his law career exactly where he left off if he wanted to, but that is the furthest thing from his mind.

As they paddle back to shore after an awesome session, his clients get ahold of themselves and regain their composure. They set foot on shore, and reality sinks its fangs in: "I would, but I can't really throw it all away."

He has to laugh.

The Power of Pessimism: Defining the Nightmare

Action may not always bring happiness, but there is no happiness without action.

—BENJAMIN DISRAELI, former British Prime Minister

To do or not to do? To try or not to try? Most people will vote no, whether they consider themselves brave or not. Uncertainty and the prospect of failure can be very scary noises in the shadows. Most people will choose unhappiness over uncertainty. For years, I set goals, made resolutions to change direction, and nothing came of either. I was just as insecure and scared as the rest of the world.

The simple solution came to me accidentally four years ago. At that time, I had more money than I knew what to do with—I was making \$70K or so per month—and I was completely miserable, worse than ever. I had no time and was working myself to death. I had started my own company, only to realize it would be nearly impossible to sell.⁶ Oops. I felt trapped and stupid at the same time. I should be able to figure this out, I thought. Why am I such an idiot? Why can't I make this work?! Buckle up and stop being such a (insert expletive)! What's wrong with me? The truth was, nothing was wrong with me. I hadn't reached my limit; I'd reached the limit of my business model at

the time. It wasn't the driver, it was the vehicle.

Critical mistakes in its infancy would never let me sell it. I could hire magic elves and connect my brain to a supercomputer—it didn't matter. My little baby had some serious birth defects. The question then became, How do I free myself from this Frankenstein while making it self-sustaining? How do I pry myself from the tentacles of workaholism and the fear that it would fall to pieces without my 15-hour days? How do I escape this self-made prison? A trip, I decided. A sabbatical year around the world.

So I took the trip, right? Well, I'll get to that. First, I felt it prudent to dance around with my shame, embarrassment, and anger for six months, all the while playing an endless loop of reasons why my cop-out fantasy trip could never work. One of my more productive periods, for sure.

Then, one day, in my bliss of envisioning how bad my future suffering would be, I hit upon a gem of an idea. It was surely a highlight of my "don't happy, be worry" phase: Why don't I decide exactly what my nightmare would be—the worst thing that could possibly happen as a result of my trip?

Well, my business could fail while I'm overseas, for sure. Probably would. A legal warning letter would accidentally not get forwarded and I would get sued. My business would be shut down, and inventory would spoil on the shelves while I'm picking my toes in solitary misery on some cold shore in Ireland. Crying in the rain, I imagine. My bank account would crater by 80% and certainly my car and motorcycle in storage would be stolen. I suppose someone would probably spit on my head from a high-rise balcony while I'm feeding food scraps to a stray dog, which would then spook and bite me squarely on the face. God, life is a cruel, hard bitch.

Conquering Fear = Defining Fear

Set aside a certain number of days, during which you shall be content with the scantiest and cheapest

fare, with course and rough dress, saying to yourself the while: “Is this the condition that I feared?”

—SENECA

Then a funny thing happened. In my undying quest to make myself miserable, I accidentally began to backpedal. As soon as I cut through the vague unease and ambiguous anxiety by defining my nightmare, the worst-case scenario, I wasn't as worried about taking a trip. Suddenly, I started thinking of simple steps I could take to salvage my remaining resources and get back on track if all hell struck at once. I could always take a temporary bartending job to pay the rent if I had to. I could sell some furniture and cut back on eating out. I could steal lunch money from the kindergarteners who passed by my apartment every morning. The options were many. I realized it wouldn't be that hard to get back to where I was, let alone survive. None of these things would be fatal—not even close. Mere panty pinches on the journey of life.

I realized that on a scale of 1–10, 1 being nothing and 10 being permanently life-changing, my so-called worst-case scenario might have a *temporary* impact of 3 or 4. I believe this is true of most people and most would-be “holy sh*t, my life is over” disasters. Keep in mind that this is the one-in-a-million disaster nightmare. On the other hand, if I realized my best-case scenario, or even a probable-case scenario, it would easily have a *permanent* 9 or 10 positive life-changing effect.

In other words, I was risking an unlikely and temporary 3 or 4 for a probable and permanent 9 or 10, and I could easily recover my baseline workaholic prison with a bit of extra work if I wanted to. This all equated to a significant realization: There was practically no risk, only huge life-changing upside potential, and I could resume my previous course without any more effort than I was already putting forth.

That is when I made the decision to take the trip and bought a one-way ticket to Europe. I started planning my adventures and eliminating my physical and psychological baggage. None of my disasters came to pass, and my life has been a near fairy tale since. The business did better than ever, and I practically forgot about it as it

financed my travels around the world in style for 15 months.

Uncovering Fear Disguised as Optimism

There's no difference between a pessimist who says, "Oh, it's hopeless, so don't bother doing anything," and an optimist who says, "Don't bother doing anything, it's going to turn out fine anyway." Either way, nothing happens.

—YVON CHOUINARD,⁷ founder of Patagonia

Fear comes in many forms, and we usually don't call it by its four-letter name. Fear itself is quite fear-inducing. Most intelligent people in the world dress it up as something else: optimistic denial. Most who avoid quitting their jobs entertain the thought that their course will improve with time or increases in income. This seems valid and is a tempting hallucination when a job is boring or uninspiring instead of pure hell. Pure hell forces action, but anything less can be endured with enough clever rationalization.

Do you really think it will improve or is it wishful thinking and an excuse for inaction? If you were confident in improvement, would you really be questioning things so? Generally not. This is fear of the unknown disguised as optimism.

Are you better off than you were one year ago, one month ago, or one week ago?

If not, things will not improve by themselves. If you are kidding yourself, it is time to stop and plan for a jump. Barring any James Dean ending, your life is going to be LONG. Nine to five for your working lifetime of 40–50 years is a long-ass time if the rescue doesn't come. About 500 months of solid work.

How many do you have to go? It's probably time to cut your losses.

Someone Call the Maître D'

You have comfort. You don't have luxury. And don't tell me that money plays a part. The luxury I advocate has nothing to do with money. It cannot be bought. It is the reward of those who have no fear of discomfort.

—JEAN COCTEAU, French poet, novelist, boxing manager, and filmmaker, whose collaborations were the inspiration for the term “surrealism”

Sometimes timing is perfect. There are hundreds of cars circling a parking lot, and someone pulls out of a spot 10 feet from the entrance just as you reach his or her bumper. Another Christmas miracle!

Other times, the timing could be better. The phone rings during sex and seems to ring for a half hour. The UPS guy shows up 10 minutes later. Bad timing can spoil the fun.

Jean-Marc Hachey landed in West Africa as a volunteer, with high hopes of lending a helping hand. In that sense, his timing was great. He arrived in Ghana in the early 1980s, in the middle of a coup d'état, at the peak of hyperinflation, and just in time for the worst drought in a decade. For these same reasons, some people would consider his timing quite poor from a more selfish survival standpoint.

He had also missed the memo. The national menu had changed, and they were out of luxuries like bread and clean water. He would be surviving for four months on a slushlike concoction of corn meal and spinach. Not what most of us would order at the movie theater.

“WOW, I CAN SURVIVE.”

ean-Marc had passed the point of no return, but it didn't matter.

J After two weeks of adjusting to the breakfast, lunch, and dinner (Mush à la Ghana), he had no desire to escape. The most basic of foods and good friends proved to be the only real necessities, and what would seem like a disaster from the outside was the most life-affirming epiphany he'd ever experienced: The worst really wasn't that bad. To enjoy life, you don't need fancy nonsense, but you do need to control your time and realize that most things just aren't as serious as you make them out to be.

Now 48, Jean-Marc lives in a nice home in Ontario, but could live without it. He has cash, but could fall into poverty tomorrow and it wouldn't matter. Some of his fondest memories still include nothing but friends and gruel. He is dedicated to creating special moments for himself and his family and is utterly unconcerned with retirement. He's already lived 20 years of partial retirement in perfect health.

Don't save it all for the end. There is every reason not to.

► Q&A: QUESTIONS AND ACTIONS

I am an old man and have known a great many troubles, but most of them never happened.

—MARK TWAIN

If you are nervous about making the jump or simply putting it off out of fear of the unknown, here is your antidote. Write down your answers, and keep in mind that thinking a lot will not prove as fruitful or as prolific as simply brain vomiting on the page. Write and do not edit—aim for volume. Spend a few minutes on each answer.

1. **Define your nightmare, the absolute worst that could happen if you did what you are considering.** What doubt, fears, and “what-ifs” pop up as you consider the big changes you can—or need—to make? Envision them in painstaking detail. Would it be the end of your life? What would be the permanent impact, if any, on a scale of 1-10? Are these things really permanent? How likely do you think it is that they would actually happen?
2. **What steps could you take to repair the damage or get things back on the upswing, even if temporarily?** Chances are, it’s easier than you imagine. How could you get things back under control?
3. **What are the outcomes or benefits, both temporary and permanent, of more probable scenarios?** Now that you’ve defined the nightmare, what are the more probable or definite positive outcomes, whether internal (confidence, self-esteem, etc.) or external? What would the impact of these more-likely outcomes be on a scale of 1-10? How likely is it that you could produce at least a moderately good outcome? Have less intelligent people done this before and pulled it off?
4. **If you were fired from your job today, what would you do to get things under financial control?** Imagine this scenario and run through questions 1–3 above. If you quit your job to test other options, how could you later get back on the same career track if you absolutely had to?
5. **What are you putting off out of fear?** Usually, what we most fear doing is what we most need to do. That phone call, that conversation, whatever the action might be—it is fear of unknown outcomes that prevents us from doing what we need to do. Define the worst case, accept it, and do it. I’ll repeat something you might consider tattooing on your forehead: *What we fear doing most is usually what we most need to do.* As I have heard said, a person’s success in life can usually be measured by the number of uncomfortable conversations he or she is willing to have. Resolve to do one thing every day that you fear. I got into this habit by attempting to contact celebrities and famous businesspeople for advice.

6. **What is it costing you—financially, emotionally, and physically—to postpone action?** Don't only evaluate the potential downside of action. It is equally important to measure the atrocious cost of inaction. If you don't pursue those things that excite you, where will you be in one year, five years, and ten years? How will you feel having allowed circumstance to impose itself upon you and having allowed ten more years of your finite life to pass doing what you know will not fulfill you? If you telescope out 10 years and know with 100% certainty that it is a path of disappointment and regret, and if we define risk as "the likelihood of an irreversible negative outcome," inaction is the greatest risk of all.
 7. **What are you waiting for?** If you cannot answer this without resorting to the previously rejected concept of good timing, the answer is simple: You're afraid, just like the rest of the world. Measure the cost of inaction, realize the unlikelihood and repairability of most missteps, and develop the most important habit of those who excel and enjoy doing so: action.
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5. www.nexussurf.com

6. This turned out to be yet another self-imposed limitation and false construct. BrainQUICKEN was acquired by a private equity firm in 2009. The process is described on www.fourhourblog.com.

7. http://www.tpl.org/tier3_cd.cfm?content_item_id=5307&folder_id=1545.

System Reset

► BEING UNREASONABLE AND UNAMBIGUOUS

“Would you tell me, please, which way I ought to go from here?”

“That depends a good deal on where you want to get to,” said the Cat.

“I don’t much care where ...” said Alice.

“Then it doesn’t matter which way you go,” said the Cat.

—LEWIS CARROLL, *Alice in Wonderland*

The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man.

—GEORGE BERNARD SHAW, *Maxims for Revolutionists*

SPRING 2005 / PRINCETON, NEW JERSEY

I had to bribe them. What other choice did I have?

They formed a circle around me, and, while the names differed, the question was one and the same: “What’s the challenge?” All eyes were on me.

My lecture at Princeton University had just ended with excitement and enthusiasm. At the same time, I knew that most students would go out and promptly do the opposite of what I preached. Most of them

would be putting in 80-hour weeks as high-paid coffee fetchers unless I showed that the principles from class could actually be applied.

Hence the challenge.

I was offering a round-trip ticket anywhere in the world to anyone who could complete an undefined “challenge” in the most impressive fashion possible. Results plus style. I told them to meet me after class if interested, and here they were, nearly 20 out of 60 students.

The task was designed to test their comfort zones while forcing them to use some of the tactics I teach. It was simplicity itself: Contact three seemingly impossible-to-reach people—J.Lo, Bill Clinton, J. D. Salinger, I don’t care—and get at least one to reply to three questions.

Of 20 students, all frothing at the mouth to win a free spin across the globe, how many completed the challenge?

Exactly ... none. Not a one.

There were many excuses: “It’s not that easy to get someone to ...” “I have a big paper due, and ...” “I would love to, but there’s no way I can....” There was but one real reason, however, repeated over and over again in different words: It was a difficult challenge, perhaps impossible, and the other students would outdo them. Since all of them overestimated the competition, no one even showed up.

According to the rules I had set, if someone had sent me no more than an illegible one-paragraph response, I would have been obligated to give them the prize. This result both fascinated and depressed me.

The following year, the outcome was quite different.

I told the above cautionary tale and 6 out of 17 finished the challenge in less than 48 hours. Was the second class better? No. In fact, there were more capable students in the first class, but they did nothing. Firepower up the wazoo and no trigger finger.

The second group just embraced what I told them before they started, which was ...

Doing the Unrealistic Is Easier Than Doing the

Realistic

From contacting billionaires to rubbing elbows with celebrities—the second group of students did both—it’s as easy as believing it can be done.

It’s lonely at the top. Ninety-nine percent of people in the world are convinced they are incapable of achieving great things, so they aim for the mediocre. The level of competition is thus fiercest for “realistic” goals, paradoxically making them the most time-and energy-consuming. It is easier to raise \$1,000,000 than it is \$100,000. It is easier to pick up the one perfect 10 in the bar than the five 8s.

If you are insecure, guess what? The rest of the world is, too. Do not overestimate the competition and underestimate yourself. You are better than you think.

Unreasonable and unrealistic goals are easier to achieve for yet another reason.

Having an unusually large goal is an adrenaline infusion that provides the endurance to overcome the inevitable trials and tribulations that go along with any goal. Realistic goals, goals restricted to the average ambition level, are uninspiring and will only fuel you through the first or second problem, at which point you throw in the towel. If the potential payoff is mediocre or average, so is your effort. I’ll run through walls to get a catamaran trip through the Greek islands, but I might not change my brand of cereal for a weekend trip through Columbus, Ohio. If I choose the latter because it is “realistic,” I won’t have the enthusiasm to jump even the smallest hurdle to accomplish it. With beautiful, crystal-clear Greek waters and delicious wine on the brain, I’m prepared to do battle for a dream that is worth dreaming. Even though their difficulty of achievement on a scale of 1–10 appears to be a 10 and a 2 respectively, Columbus is more likely to fall through.

The fishing is best where the fewest go, and the collective insecurity of the world makes it easy for people to hit home runs while everyone else is aiming for base hits. There is just less competition for bigger goals.

Doing big things begins with asking for them properly.

What Do You Want? A Better Question, First of All

Most people will never know what they want. I don't know what I want. If you ask me what I want to do in the next five months for language learning, on the other hand, I do know. It's a matter of specificity. "What do you want?" is too imprecise to produce a meaningful and actionable answer. Forget about it.

"What are your goals?" is similarly fated for confusion and guesswork. To rephrase the question, we need to take a step back and look at the bigger picture.

Let's assume we have 10 goals and we achieve them—what is the desired outcome that makes all the effort worthwhile? The most common response is what I also would have suggested five years ago: happiness. I no longer believe this is a good answer. Happiness can be bought with a bottle of wine and has become ambiguous through overuse. There is a more precise alternative that reflects what I believe the actual objective is.

Bear with me. What is the opposite of happiness? Sadness? No. Just as love and hate are two sides of the same coin, so are happiness and sadness. Crying out of happiness is a perfect illustration of this. The opposite of love is indifference, and the opposite of happiness is—here's the clincher—boredom.

Excitement is the more practical synonym for happiness, and it is precisely what you should strive to chase. It is the cure-all. When people suggest you follow your "passion" or your "bliss," I propose that they are, in fact, referring to the same singular concept: excitement.

This brings us full circle. The question you should be asking isn't, "What do I want?" or "What are my goals?" but "What would excite me?"

Adult-Onset ADD: Adventure Deficit Disorder

Somewhere between college graduation and your second job, a chorus enters your internal dialogue: Be realistic and stop pretending. Life isn't like the movies.

If you're five years old and say you want to be an astronaut, your parents tell you that you can be anything you want to be. It's harmless, like telling a child that Santa Claus exists. If you're 25 and announce you want to start a new circus, the response is different: Be realistic; become a lawyer or an accountant or a doctor, have babies, and raise them to repeat the cycle.

If you do manage to ignore the doubters and start your own business, for example, ADD doesn't disappear. It just takes a different form.

When I started BrainQUICKEN LLC in 2001, it was with a clear goal in mind: Make \$1,000 per day whether I was banging my head on a laptop or cutting my toenails on the beach. It was to be an automated source of cash flow. If you look at my chronology, it is obvious that this didn't happen until a meltdown forced it, despite the requisite income. Why? The goal wasn't specific enough. I hadn't defined *alternate activities* that would replace the initial workload. Therefore, I just continued working, even though there was no financial need. I needed to feel productive and had no other vehicles.

This is how most people work until death: "I'll just work until I have X dollars and then do what I want." If you don't define the "what I want" alternate activities, the X figure will increase indefinitely to avoid the fear-inducing uncertainty of this void.

This is when both employees and entrepreneurs become fat men in red BMWs.

The Fat Man in the Red BMW Convertible

here have been several points in my life—among them, just before I was fired from TrueSAN and just before I escaped the U.S. to avoid

taking an Uzi into McDonald's—at which I saw my future as another **T** fat man in a midlife-crisis BMW. I simply looked at those who were 15–20 years ahead of me on the same track, whether a director of sales or an entrepreneur in the same industry, and it scared the hell out of me.

It was such an acute phobia, and such a perfect metaphor for the sum of all fears, that it became a pattern interrupt between myself and fellow lifestyle designer and entrepreneur Douglas Price. Doug and I traveled parallel paths for nearly five years, facing the same challenges and self-doubt and thus keeping a close psychological eye on each other. Our down periods seem to alternate, making us a good team.

Whenever one of us began to set our sights lower, lose faith, or “accept reality,” the other would chime in via phone or e-mail like an A A sponsor: “Dude, are you turning into the bald fat man in the red BMW convertible?” The prospect was terrifying enough that we always got our asses and priorities back on track immediately. The worst that could happen wasn't crashing and burning, it was accepting terminal boredom as a tolerable status quo.

Remember—boredom is the enemy, not some abstract “failure.”

Correcting Course: Get Unrealistic

There is a process that I have used, and still use, to reignite life or correct course when the Fat Man in the BMW rears his ugly head. In some form or another, it is the same process used by the most impressive **NR** I have met around the world: dreamlining. Dreamlining is so named because it applies timelines to what most would consider dreams.

It is much like goal-setting but differs in several fundamental respects:

1. The goals shift from ambiguous wants to defined steps.
2. The goals have to be unrealistic to be effective.
3. It focuses on activities that will fill the vacuum created when

work is removed. *Living* like a millionaire requires *doing* interesting things and not just owning enviable things.

Now it's your turn to think big.

How to Get George Bush Sr. or the CEO of Google on the Phone

The article below, titled "Fail Better" and written by Adam Gottesfeld, explores how I teach Princeton students to connect with luminary-level business mentors and celebrities of various types. I've edited it for length in a few places.

People are fond of using the "it's not what you know, it's who you know" adage as an excuse for inaction, as if all successful people are born with powerful friends.

Nonsense.

Here's how normal people build supernormal networks.

Fail Better

BY ADAM GOTTESFELD

MOST PRINCETON students love to procrastinate in writing their dean's date [term] papers. Ryan Marrinan '07, from Los Angeles, was no exception. But while the majority of undergraduates fill their time by updating their Facebook profiles or watching videos on YouTube, Marrinan was discussing Soto Zen Buddhism via e-mail with Randy Komisar, a partner at the venture capital firm Kleiner Perkins Caufield and Byers, and asking Google CEO Eric Schmidt via e-mail when he had been happiest in his life. (Schmidt's answer: "Tomorrow.")

Prior to his e-mail, Marrinan had never contacted Komisar. He had met Schmidt, a Princeton University trustee, only briefly at an academic affairs meeting of the trustees in November. A self-described "naturally shy kid," Marrinan said he would never have dared to randomly e-mail two of the most powerful men in Silicon Valley if it weren't for Tim Ferriss, who offered a guest lecture in Professor Ed

Zschau's "High-Tech Entrepreneurship" class. Ferriss challenged Marrinan and his fellow seniors to contact high-profile celebrities and CEOs and get their answers to questions they have always wanted to ask.

For extra incentive, Ferriss promised the student who could contact the most hard-to-reach name and ask the most intriguing question a round-trip plane ticket anywhere in the world.

"I believe that success can be measured in the number of uncomfortable conversations you're willing to have. I felt that if I could help students overcome the fear of rejection with cold-calling and cold e-mail, it would serve them forever," Ferriss said. "It's easy to sell yourself short, but when you see classmates getting responses from people like [former president] George Bush, the CEOs of Disney, Comcast, Google, and HP, and dozens of other impossible-to-reach people, it forces you to reconsider your self-set limitations." ... Ferriss lectures to the students of "High-Tech Entrepreneurship" each semester about creating a startup and designing the ideal lifestyle.

"I participate in this contest every day," said Ferriss. "I do what I always do: find a personal e-mail if possible, often through their little-known personal blogs, send a two- to three-paragraph e-mail which explains that I am familiar with their work, and ask one simple-to-answer but thought-provoking question in that e-mail related to their work or life philosophies. The goal is to start a dialogue so they take the time to answer future e-mails—not to ask for help. That can only come after at least three or four genuine e-mail exchanges."

With "textbook execution of the Tim Ferriss Technique," as he put it, Marrinan was able to strike up a bond with Komisar. In his initial e-mail, he talked about reading one of Komisar's *Harvard Business Review* articles and feeling inspired to ask him, "When were you happiest in your life?" After Komisar replied with references to Tibetan Buddhism, Marrinan responded, "Just as words are inadequate to explain true happiness, so too are words inadequate to express my thanks." His e-mail included his personal translation of a French poem by Taisen Deshimaru, the former European head of Soto Zen. An e-mail relationship was formed, and Komisar even e-mailed Marrinan a few days later with a link to a *New York Times* article on happiness.

Contacting Schmidt proved more challenging. For Marrinan, the toughest part was getting Schmidt's personal e-mail address. He e-mailed a Princeton dean asking for it. No response. Two weeks later, he e-mailed the same dean again, defending his request by reminding her that he had previously met Schmidt. The dean said no, but Marrinan refused to give up. He e-mailed her a third time. "Have you ever made an exception?" he asked. The dean finally gave in, he said, and provided him with Schmidt's e-mail.

"I know some of my classmates pursued the alternative scattershot technique with some success, but that's not my bag," Marrinan said, explaining his perseverance. "I deal with rejection by persisting, not by taking my business elsewhere. My maxim comes from Samuel Beckett, a personal hero of mine: 'Ever tried. Ever failed. No matter. Try again. Fail again. Fail better.' You won't believe what you can accomplish by attempting the impossible with the courage to repeatedly fail better."

Nathan Kaplan, another participant in the contest, was most proud of the way that he was able to contact former Newark mayor Sharpe James. Because James had made a campaign contribution to Al Sharpton, the website www.fundrace.org listed James's home address. Kaplan then input James's address into an online search-by-address phone directory, through which he received the former mayor's phone number. Kaplan left a message for James, and a few days later finally got to ask him about childhood education.

Ferriss is proud of the effort students have put into his contest. "Most people can do absolutely awe-inspiring things," he said. "Sometimes they just need a little nudge."

► Q&A: QUESTIONS AND ACTIONS

The existential vacuum manifests itself mainly in a state of boredom.

—VIKTOR FRANKL, Auschwitz survivor and founder of Logotherapy, *Man's Search for Meaning*

Life is too short to be small.

Dreamlining will be fun, and it will be hard. The harder it is, the more you need it. To save time, I recommend using the automatic calculators and forms at www.fourhourblog.com. Refer to the model worksheet as you complete the following steps:

1. What would you do if there were no way you could fail? If you were 10 times smarter than the rest of the world?

Create two timelines—6 months and 12 months—and list up to five things you dream of *having* (including, but not limited to, material wants: house, car, clothing, etc.), *being* (be a great cook, be fluent in Chinese, etc.), and *doing* (visiting Thailand, tracing your roots overseas, racing ostriches, etc.) in that order. If you have difficulty identifying what you want in some categories, as most will, consider what you hate or fear in each and write down the opposite. Do not limit yourself, and do not concern yourself with how these things will be accomplished. For now, it's unimportant. This is an exercise in reversing repression.

Be sure not to judge or fool yourself. If you really want a Ferrari, don't put down solving world hunger out of guilt. For some, the dream will be fame, for others fortune or prestige. All people have their vices and insecurities. If something will improve your feeling of self-worth, put it down. I have a racing motorcycle, and quite apart from the fact that I love speed, it just makes me feel like a cool dude. There is nothing wrong with that. Put it all down.

2. Drawing a blank?

For all their bitching about what's holding them back, most people have a lot of trouble coming up with the defined dreams they're being held from. This is particularly true with the "doing" category. In that case, consider these questions:

- a. What would you do, day to day, if you had \$100 million in the bank?
- b. What would make you most excited to wake up in the morning to

another day?

Don't rush—think about it for a few minutes. If still blocked, fill in the five “doing” spots with the following:

- one place to visit
- one thing to do before you die (a memory of a lifetime)
- one thing to do daily
- one thing to do weekly
- one thing you've always wanted to learn

3. What does “being” entail doing?

Convert each “being” into a “doing” to make it actionable. Identify an action that would characterize this state of being or a task that would mean you had achieved it. People find it easier to brainstorm “being” first, but this column is just a temporary holding spot for “doing” actions. Here are a few examples:

Great cook → make Christmas dinner without help
*Fluent in Chinese → have a five-minute conversation
with a Chinese co-worker*

4. What are the four dreams that would change it all?

Using the 6-month timeline, star or otherwise highlight the four most exciting and/or important dreams from all columns. Repeat the process with the 12-month timeline if desired.

5. Determine the cost of these dreams and calculate your Target Monthly Income (TMI) for both timelines.

If financeable, what is the cost per month for each of the four dreams (rent, mortgage, payment plan installments, etc.)? Start thinking of income and expense in terms of monthly cash flow—dollars in and dollars out—instead of grand totals. Things often cost much, much less than expected. For example, a Lamborghini Gallardo Spyder, fresh off the showroom floor at \$260,000, can be had for \$2,897.80 per month. I found my personal favorite, an Aston Martin DB9 with 1,000 miles on it, through eBay for \$136,000—\$2,003.10 per month. How about a Round-the-World

trip (Los Angeles . . . Tokyo . . . Singapore . . . Bangkok . . . Delhi or Bombay . . . London . . . Frankfurt . . . Los Angeles) for \$1,399?

For some of these costs, the Tools and Tricks at the end of [Chapter 14](#) will help.

Last, calculate your Target Monthly Income (TMI) for realizing these dreamlines. This is how to do it: First, total each of the columns A, B, and C, counting only the four selected dreams. Some of these column totals could be zero, which is fine. Next, add your total monthly expenses $\times 1.3$ (the 1.3 represents your expenses plus a 30% buffer for safety or savings). This grand total is your TMI and the target to keep in mind for the rest of the book. I like to further divide this TMI by 30 to get my TDI—Target Daily Income. I find it easier to work with a daily goal. Online calculators on our companion site do all the work for you and make this step a cinch.

Chances are that the figure is lower than expected, and it often decreases over time as you trade more and more “having” for once-in-a-lifetime “doing.” Mobility encourages this trend. Even if the total is intimidating, don’t fret in the least. I have helped students get to more than \$10,000 per month in extra income within three months.

Sample Dreamline

IN 6 MONTHS I DREAM OF:	STEP 1: HAVING		STEP 5: COST		TARGET MONTHLY INCOME $A + B + C + (1.3 \times \text{monthly expenses})$ $=$ TMI: $\$5,557 + (\$2,600) = \$5,957$ $+ 30$ $=$ TDI: $\$197.90$	
	1. <i>Aston Martin DB9</i>		1. \$2,005/month			
	2. <i>Go Board from 1800s</i>		2.			
	3. <i>Personal assistant</i>		3. $\$5/\text{hr.} \times 80 = \400			
	4. <i>Full Kendo armor</i>		4.			
	5.		5.			
			A = \$2,405			
	STEP 2: BEING		STEP 4: DOING			STEP 5: COST
	1. flexible	→	1. full side splits			1.
	2. best-selling author	→	2. sell 20,000 per week			2. \$0 (3 free interns for media calls & own time)
	3. fluent in Greek	→	3. have 15-minute conversation w/native			3.
	4. excellent cook	→	4. make Thanksgiving dinner for six people			4.
5.	→	5.		5.		
				B = \$0		
STEP 3: DOING		STEP 5: COST				
1. sell a TV show		1.				
2. visit Croatian coast		2. \$514 roundtrip airfare, \$420 rent				
3. find smart & gorgeous girlfriend		3.				
4.		4.				
5.		5.				
		C = \$934				
STEPS NOW						
1. Find showroom, schedule test drive						
2. Post bullet-point job description on 3 major sites						
3. Send top 3 questions to five best-selling authors from 2-5 years ago						
4. Visit Virtual Tourist and determine best season and to-do top 5						
TOMORROW						
1. Take test drive						
2. Assign 1- to 2-hour task to top 3						
3. formulate plan around responses (marketing/PR)						
4. Research tickets & housing for 3 weeks and invite friend to go						
DAY AFTER						
1. Decide on desired details & extras						
2. Choose top 1 for 20 hrs. per week						
3. Send intern recruitment e-mail to nearby college English departments						
4. Reserve tickets (for yourself even if friend refuses)						

Dreamline

(Go to www.fourhourblog.com for larger printable worksheets and online calculators.)

IN 6 MONTHS I DREAM OF:	STEP 1: HAVING		STEP 5: COST		TARGET MONTHLY INCOME $A + B + C + (1.3 \times \text{monthly expenses})$ $=$ TMI: <input type="text"/> $+ 30$ $=$ TDI: <input type="text"/>	
	1.		1.			
	2.		2.			
	3.		3.			
	4.		4.			
	5.		5.			
			A =			
	STEP 2: BEING		STEP 4: DOING			STEP 5: COST
	1.		1.			1.
	2.		2.			2.
	3.		3.			3.
	4.		4.			4.
5.		5.		5.		
				B =		
STEP 3: DOING		STEP 5: COST				
1.		1.				
2.		2.				
3.		3.				
4.		4.				
5.		5.				
		C =				
STEPS NOW						
1.						
2.						
3.						
4.						
TOMORROW						
1.						
2.						
3.						
4.						
DAY AFTER						
1.						
2.						
3.						
4.						

Dreamline Math—Another Good Option

There could be a different way of handling monthly and one-time goals. I'll use your example of an Aston Martin's monthly payment, a personal assistant's monthly payment, and a trip to the Croatian coast. While the first two should certainly be totaled and included in your target monthly income, the trip is something that should be divided by the number of months between now and the dreamline's total time.

Thus if you had a six-month dreamline:

Aston Martin = 2,003 per month

Personal assistant = 400 per month

Croatian trip = 934 total, and thus $934/6$ per month

Right now in the book and in the spreadsheet we have $(2003 + 400 + 934) \times 1.3$ monthly expenses = Target Monthly Income (or TMI).

But I think it should be $(2003 + 400 + 934/6) \times 1.3$ monthly expenses = TMI.

Or, more generally: $[\text{Monthly Goals} + (\text{One-Time Goals} / \text{Total Months})] \times 1.3$ monthly expenses = TMI.

—JARED, *president, SET Consulting*

6. Determine *three steps* for each of the *four dreams* in just the *6-month timeline* and take the first step *now*.

I'm not a big believer in long-term planning and far-off goals. In fact, I generally set 3-month and 6-month dreamlines. The variables change too much and in-the-future distance becomes an excuse for postponing action. The objective of this exercise isn't, therefore, to

outline every step from start to finish, but to define the end goal, the required vehicle to achieve them (TMI, TDI), and build momentum with critical first steps. From that point, it's a matter of freeing time and generating the TMI, which the following chapters cover.

First, let's focus on those critical first steps. Define three steps for each dream that will get you closer to its actualization. Set actions—simple, well-defined actions—for now, tomorrow (complete before 11 A.M.) and the day after (again completed before 11 A.M.).

Once you have three steps for each of the four goals, complete the three actions in the “now” column. Do it now. Each should be simple enough to do in five minutes or less. If not, ratchet it down. If it's the middle of the night and you can't call someone, do something else now, such as send an e-mail, and set the call for first thing tomorrow.

If the next stage is some form of research, get in touch with someone who knows the answer instead of spending too much time in books or online, which can turn into paralysis by analysis. The best first step, the one I recommend, is finding someone who's done it and ask for advice on how to do the same. It's not hard.

Other options include setting a meeting or phone call with a trainer, mentor, or salesperson to build momentum. Can you schedule a private class or a commitment that you'll feel bad about canceling? Use guilt to your advantage.

Tomorrow becomes never. No matter how small the task, take the first step now!

► COMFORT CHALLENGE

The most important actions are never comfortable.

Fortunately, it is possible to condition yourself to discomfort and overcome it. I've trained myself to propose solutions instead of ask for them, to elicit desired responses instead of react, and to be assertive without burning bridges. To have an uncommon lifestyle, you need to *develop the uncommon habit of making decisions, both for*

yourself and for others.

From this chapter forward, I'll take you through progressively more uncomfortable exercises, simple and small. Some of the exercises will appear deceptively easy and even irrelevant (such as the next) until you try them. Look at it as a game and expect some butterflies and sweat—that's the whole point. For most of these exercises, the duration is two days. Mark the exercise of the day on your calendar so you don't forget, and don't attempt more than one Comfort Challenge at a time.

Remember: There is a direct correlation between an increased sphere of comfort and getting what you want.

Here we go.

Learn to Eye Gaze (2 days)

My friend Michael Ellsberg invented a singles event called Eye Gazing. It is similar to speed dating but different in one fundamental respect—no speaking is permitted. It involves gazing into the eyes of each partner for three minutes at a time. If you go to such an event, it becomes clear how uncomfortable most people are doing this. For the next two days, practice gazing into the eyes of others—whether people you pass on the street or conversational partners—until they break contact. Hints:

1. Focus on one eye and be sure to blink occasionally so you don't look like a psychopath or get your ass kicked.
2. In conversation, maintain eye contact when you are speaking. It's easy to do while listening.
3. Practice with people bigger or more confident than yourself. If a passerby asks you what the hell you're staring at, just smile and respond, "Sorry about that. I thought you were an old friend of mine."

Step II:

E is for Elimination

**One does not accumulate but eliminate.
It is not daily increase but daily
decrease. The height of cultivation
always runs to simplicity.**

—BRUCE LEE

The End of Time Management

► ILLUSIONS AND ITALIANS

Perfection is not when there is no more to add, but no more to take away.

—ANTOINE DE SAINT-EXUPÉRY, pioneer of international postal flight and author of *Le Petit Prince* (*The Little Prince*)

It is vain to do with more what can be done with less.

—WILLIAM OF OCCAM (1300–1350), originator of “Occam’s Razor”

Just a few words on time management: Forget all about it.

In the strictest sense, you shouldn’t be trying to do more in each day, trying to fill every second with a work fidget of some type. It took me a long time to figure this out. I used to be very fond of the results-by-volume approach.

Being busy is most often used as a guise for avoiding the few critically important but uncomfortable actions. The options are almost limitless for creating “busyness”: You could call a few hundred unqualified sales leads, reorganize your Outlook contacts, walk across the office to request documents you don’t really need, or fuss with your BlackBerry for a few hours when you should be prioritizing.

In fact, if you want to move up the ladder in most of corporate America, and assuming they don’t really check what you are doing

(let's be honest), just run around the office holding a cell phone to your head and carrying papers. Now, that is one busy employee! Give them a raise. Unfortunately for the **NR**, this behavior won't get you out of the office or put you on an airplane to Brazil. Bad dog. Hit yourself with a newspaper and cut it out.

After all, there is a far better option, and it will do more than simply increase your results—it will multiply them. Believe it or not, it is not only possible to accomplish more by doing less, it is mandatory.

Enter the world of elimination.

How You Will Use Productivity

Now that you have defined what you want to do with your time, you have to free that time. The trick, of course, is to do so while maintaining or increasing your income.

The intention of this chapter, and what you will experience if you follow the instructions, is an increase in personal productivity between 100 and 500%. The *principles* are the same for both employees and entrepreneurs, but the *purpose* of this increased productivity is completely different.

First, the employee. The employee is increasing productivity to increase negotiating leverage for two simultaneous objectives: pay raises and a remote working arrangement.

Recall that, as indicated in the first chapter of this book, the general process of joining the New Rich is **D-E-A-L**, in that order, but that employees intent on remaining employees for now need to implement the process as **D-E-L-A**. The reason relates to environment. They need to **Liberate** themselves from the office environment before they can work ten hours a week, for example, because the expectation in that environment is that you will be in constant motion from 9–5. Even if you produce twice the results you had in the past, if you're working a quarter of the hours of your colleagues, there is a good chance of receiving a pink slip. Even if you work 10 hours a week and produce twice the results of people working 40, the collective request will be,

“Work 40 hours a week and produce 8 times the results.” This is an endless game and one you want to avoid. Hence the need for **Liberation** first.

If you’re an employee, this chapter will increase your value and make it more painful for the company to fire you than to grant raises and a remote working agreement. That is your goal. Once the latter is accomplished, you can drop hours without bureaucratic interference and use the resultant free time to fulfill dreamlines.

The entrepreneur’s goals are less complex, as he or she is generally the direct beneficiary of increased profit. The goal is to decrease the amount of work you perform while increasing revenue. This will set the stage for replacing yourself with **Automation**, which in turn permits **Liberation**.

For both tracks, some definitions are in order.

Being Effective vs. Being Efficient

Effectiveness is doing the things that get you closer to your goals. Efficiency is performing a given task (whether important or not) in the most economical manner possible. Being efficient without regard to effectiveness is the default mode of the universe.

I would consider the best door-to-door salesperson efficient—that is, refined and excellent at selling door-to-door without wasting time—but utterly ineffective. He or she would sell more using a better vehicle such as e-mail or direct mail.

This is also true for the person who checks e-mail 30 times per day and develops an elaborate system of folder rules and sophisticated techniques for ensuring that each of those 30 brain farts moves as quickly as possible. I was a specialist at such professional wheel-spinning. It is efficient on some perverse level, but far from effective.

Here are two truisms to keep in mind:

1. Doing something unimportant well does not make it important.
2. Requiring a lot of time does not make a task important.

From this moment forward, remember this: *What* you do is infinitely more important than *how* you do it. Efficiency is still important, but it is useless unless applied to the right things.

To find the right things, we'll need to go to the garden.

Pareto and His Garden: 80/20 and Freedom from Futility

What gets measured gets managed.

—PETER DRUCKER, management theorist, author of 31 books, recipient of Presidential Medal of Freedom

Four years ago, an economist changed my life forever. It's a shame I never had a chance to buy him a drink. My dear Vilfredo died almost 100 years ago.

Vilfredo Pareto was a wily and controversial economist-cum-sociologist who lived from 1848 to 1923. An engineer by training, he started his varied career managing coal mines and later succeeded Léon Walras as the chair of political economy at the University of Lausanne in Switzerland. His seminal work, *Cours d'économie politique*, included a then little-explored “law” of income distribution that would later bear his name: “Pareto’s Law” or the “Pareto Distribution,” in the last decade also popularly called the “80/20 Principle.”

The mathematical formula he used to demonstrate a grossly uneven but predictable distribution of wealth in society—80% of the wealth and income was produced and possessed by 20% of the population—also applied outside of economics. Indeed, it could be found almost everywhere. Eighty percent of Pareto’s garden peas were produced by 20% of the peapods he had planted, for example.

Pareto’s Law can be summarized as follows: 80% of the outputs result from 20% of the inputs. Alternative ways to phrase this, depending on the context, include:

80% of the consequences flow from 20% of the causes.

80% of the results come from 20% of the effort and time.

80% of company profits come from 20% of the products and customers.

80% of all stock market gains are realized by 20% of the investors and 20% of an individual portfolio.

The list is infinitely long and diverse, and the ratio is often skewed even more severely: 90/10, 95/5, and 99/1 are not uncommon, but the minimum ratio to seek is 80/20.

When I came across Pareto's work one late evening, I had been slaving away with 15-hour days seven days per week, feeling completely overwhelmed and generally helpless. I would wake up before dawn to make calls to the United Kingdom, handle the U.S. during the normal 9–5 day, and then work until near midnight making calls to Japan and New Zealand. I was stuck on a runaway freight train with no brakes, shoveling coal into the furnace for lack of a better option. Faced with certain burnout or giving Pareto's ideas a trial run, I opted for the latter. The next morning, I began a dissection of my business and personal life through the lenses of two questions:

1. Which 20% of sources are causing 80% of my problems and unhappiness?
2. Which 20% of sources are resulting in 80% of my desired outcomes and happiness?

For the entire day, I put aside everything seemingly urgent and did the most intense truth-baring analysis possible, applying these questions to everything from my friends to customers and advertising to relaxation activities. Don't expect to find you're doing everything right—the truth often hurts. The goal is to find your inefficiencies in order to eliminate them and to find your strengths so you can multiply them. In the 24 hours that followed, I made several simple but emotionally difficult decisions that literally changed my life forever and enabled the lifestyle I now enjoy.

The first decision I made is an excellent example of how dramatic and fast the ROI of this analytical fat-cutting can be: I stopped contacting 95% of my customers and fired 2%, leaving me with the top 3% of producers to profile and duplicate.

Out of more than 120 wholesale customers, a mere 5 were bringing in 95% of the revenue. I was spending 98% of my time chasing the remainder, as the aforementioned 5 ordered regularly without any follow-up calls, persuasion, or cajoling. In other words, I was working because I felt as though I should be doing something from 9–5. I didn't realize that working every hour from 9–5 isn't the goal; it's simply the structure most people use, whether it's necessary or not. I had a severe case of work-for-work (W4W), the most-hated acronym in the **NR** vocabulary.

All, and I mean 100%, of my problems and complaints came from this unproductive majority, with the exception of two large customers who were simply world-class experts of the “here is the fire I started, now you put it out” approach to business. I put all of these unproductive customers on passive mode: If they ordered, great—let them fax in the order. If not, I would do absolutely no chasing: no phone calls, no e-mail, nothing. That left the two larger customers to deal with, who were professional ball breakers but contributed about 10% to the bottom line at the time.

You'll always have a few of these, and it is a quandary that causes all sorts of problems, not the least of which are self-hatred and depression. Up to that point, I had taken their browbeating, insults, time-consuming arguments, and tirades as a cost of doing business. I realized during the 80/20 analysis that these two people were the source of nearly all my unhappiness and anger throughout the day, and it usually spilled over into my personal time, keeping me up at night with the usual “I should have said X, Y, and Z to that penis” self-flagellation. I finally concluded the obvious: The effect on my self-esteem and state of mind just wasn't worth the financial gain. I didn't need the money for any precise reason, and I had assumed I needed to take it. The customers are always right, aren't they? Part of doing business, right? Hell, no. Not for the **NR**, anyway. I fired their asses and enjoyed every second of it. The first conversation went like this:

Customer: What the &#@\$? I ordered two cases and they arrived two days late. [Note: He had sent the order to the wrong person via the wrong medium, despite repeated reminders.] You guys are the most disorganized bunch of idiots I've ever worked with. I have 20 years of experience in this industry, and this is the worst.

Any NR—in this case, me: I will kill you. Be afraid, be very afraid.

I wish. I did rehearse that a million times in my mental theater, but it actually went something more like this:

I'm sorry to hear that. You know, I've been taking your insults for a while now, and it's unfortunate that it seems we won't be able to do business anymore. I'd recommend you take a good look at where this unhappiness and anger is actually coming from. In any case, I wish you well. If you would like to order product, we'll be happy to supply it, but only if you can conduct yourself without profanity and unnecessary insults. You have our fax number. All the best and have a nice day. [Click.]

I did this once via phone and once through e-mail. So what happened? I lost one customer, but the other corrected course and simply faxed orders, again and again and again. Problem solved, minimum revenue lost. I was immediately 10 times happier.

I then identified the common characteristics of my top-five customers and secured three or so similarly profiled buyers in the following week. Remember, more customers is not automatically more income. More customers is not the goal and often translates into 90% more housekeeping and a paltry 1–3% increase in income. Make no mistake, maximum income from minimal necessary effort (including minimum number of customers) is the primary goal. I duplicated my strengths, in this case my top producers, and focused on increasing the size and frequency of their orders.

The end result? I went from chasing and appeasing 120 customers to simply receiving large orders from 8, with absolutely no pleading phone calls or e-mail haranguing. My monthly income increased from

\$30K to \$60K in four weeks and my weekly hours immediately dropped from over 80 to approximately 15. Most important, I was happy with myself and felt both optimistic and liberated for the first time in over two years.

In the ensuing weeks, I applied the 80/20 Principle to dozens of areas, including the following:

1. Advertising

I identified the advertising that was generating 80% or more of revenue, identified the commonalities among them, and multiplied them, eliminating all the rest at the same time. My advertising costs dropped over 70% and my direct sales income nearly doubled from a monthly \$15K to \$25K in 8 weeks. It would have doubled immediately had I been using radio, newspapers, or television instead of magazines with long lead times.

2. Online Affiliates and Partners

I fired more than 250 low-yield online affiliates or put them in holding patterns to focus instead on the *two* affiliates who were generating 90% of the income. My management time decreased from 5–10 hours per week to 1 hour per month. Online partner income increased more than 50% in that same month.

Slow down and remember this: Most things make no difference. *Being busy is a form of laziness—lazy thinking and indiscriminate action.*

Being overwhelmed is often as unproductive as doing nothing, and is far more unpleasant. Being selective—doing less—is the path of the productive. Focus on the important few and ignore the rest.

Of course, before you can separate the wheat from the chaff and eliminate activities in a new environment (whether a new job or an entrepreneurial venture), you will need to try a lot to identify what pulls the most weight. Throw it all up on the wall and see what sticks. That's part of the process, but it should not take more than a month or

two.

It's easy to get caught in a flood of minutiae, and the key to not feeling rushed is remembering that *lack of time is actually lack of priorities*. Take time to stop and smell the roses, or—in this case—to count the pea pods.

The 9–5 Illusion and Parkinson's Law

I saw a bank that said “24-Hour Banking,” but I don't have that much time.

—STEVEN WRIGHT, comedian

If you're an employee, spending time on nonsense is, to some extent, not your fault. There is often no incentive to use time well unless you are paid on commission. The world has agreed to shuffle papers between 9:00 A.M. and 5:00 P.M., and since you're trapped in the office for that period of servitude, you are compelled to create activities to fill that time. Time is wasted because there is so much time available. It's understandable. Now that you have the new goal of negotiating a remote work arrangement instead of just collecting a paycheck, it's time to revisit the status quo and become effective. The best employees have the most leverage.

For the entrepreneur, the wasteful use of time is a matter of bad habit and imitation. I am no exception. Most entrepreneurs were once employees and come from the 9–5 culture. Thus they adopt the same schedule, whether or not they function at 9:00 A.M. or need 8 hours to generate their target income. This schedule is a collective social agreement and a dinosaur legacy of the results-by-volume approach. How is it possible that all the people in the world need exactly 8 hours to accomplish their work? It isn't. 9–5 is arbitrary.

You don't need 8 hours per day to become a legitimate millionaire—let alone have the means to live like one. Eight hours per week is often excessive, but I don't expect all of you to believe me just yet. I know you probably feel as I did for a long time: There just aren't enough

hours in the day.

But let's consider a few things we can probably agree on.

Since we have 8 hours to fill, we fill 8 hours. If we had 15, we would fill 15. If we have an emergency and need to suddenly leave work in 2 hours but have pending deadlines, we miraculously complete those assignments in 2 hours.

It is all related to a law that was introduced to me by Ed Zschau in the spring of 2000.

I had arrived to class nervous and unable to concentrate. The final paper, worth a full 25% of the semester's grade, was due in 24 hours. One of the options, and that which I had chosen, was to interview the top executives of a start-up and provide an in-depth analysis of their business model. The corporate powers that be had decided last minute that I couldn't interview two key figures or use their information due to confidentiality issues and pre-IPO precautions. Game over.

I approached Ed after class to deliver the bad news.

"Ed, I think I'm going to need an extension on the paper." I explained the situation, and Ed smiled before he replied without so much as a hint of concern.

"I think you'll be OK. Entrepreneurs are those who make things happen, right?"

Twenty-four hours later and one minute before the deadline, as his assistant was locking the office, I handed in a 30-page final paper. It was based on a different company I had found, interviewed, and dissected with an intense all-nighter and enough caffeine to get an entire Olympic track team disqualified. It ended up being one of the best papers I'd written in four years, and I received an A.

Before I left the classroom the previous day, Ed had given me some parting advice: Parkinson's Law.

Parkinson's Law dictates that a task will swell in (perceived) importance and complexity in relation to the time allotted for its completion. It is the magic of the imminent deadline. If I give you 24 hours to complete a project, the time pressure forces you to focus on execution, and you have no choice but to do only the bare essentials.

If I give you a week to complete the same task, it's six days of making a mountain out of a molehill. If I give you two months, God forbid, it becomes a mental monster. The end product of the shorter deadline is almost inevitably of equal or higher quality due to greater focus.

This presents a very curious phenomenon. There are two synergistic approaches for increasing productivity that are inversions of each other:

1. Limit tasks to the important to shorten work time (80/20).
2. Shorten work time to limit tasks to the important (Parkinson's Law).

The best solution is to use both together: Identify the few critical tasks that contribute most to income and schedule them with *very short* and clear deadlines.

If you haven't identified the mission-critical tasks and set aggressive start and end times for their completion, the unimportant becomes the important. Even if you know what's critical, without deadlines that create focus, the minor tasks forced upon you (or invented, in the case of the entrepreneur) will swell to consume time until another bit of minutiae jumps in to replace it, leaving you at the end of the day with nothing accomplished. How else could dropping off a package at UPS, setting a few appointments, and checking e-mail consume an entire 9–5 day? Don't feel bad. I spent months jumping from one interruption to the next, feeling run by my business instead of the other way around.

THE 80/20 PRINCIPLE and Parkinson's Law are the two cornerstone concepts that will be revisited in different forms throughout this entire section. Most inputs are useless and time is wasted in proportion to the amount that is available.

Fat-free performance and time freedom begins with limiting intake overload. In the next chapter, we'll put you on the real breakfast of champions: the Low-Information Diet.

A Dozen Cupcakes and One Question

Love of bustle is not industry.

—SENECA

MOUNTAIN VIEW, CALIFORNIA.

“Saturdays are my days off,” I offered to the crowd of strangers staring at me, friends of a friend. It was true. Can you eat All-Bran and chicken seven days a week? Me neither. Don’t be so judgmental.

Between my tenth and twelfth cupcakes, I plopped down on the couch to revel in the sugar high until the clock struck midnight and sent me back to my adultsville Sunday–Friday diet. There was another party guest seated next to me on a chair, nursing a glass of wine, not his twelfth but certainly not his first, and we struck up a conversation. As usual, I had to struggle to answer “What do you do?” and, as usual, my answer left someone to wonder whether I was a pathological liar or a criminal.

How was it possible to spend so little time on income generation? It’s a good question. It’s THE question.

In almost all respects, Charney had it all. He was happily married with a two-year-old son and another due to arrive in three months. He was a successful technology salesman, and though he wanted to earn \$500,000 more per year as all do, his finances were solid.

He also asked good questions. I had just returned from another trip overseas and was planning a new adventure to Japan. He drilled me for two hours with a refrain: How is it possible to spend so little time on income generation?

“If you’re interested, we can make you a case study and I’ll show you how,” I offered.

Charney was in. The one thing he didn’t have was time.

One e-mail and five weeks of practice later, Charney had good news: He had accomplished more in the last week than he had in the previous four combined. He did so while taking Monday and Friday off and spending at least 2 more hours per day with his family. From 40 hours per week, he was down to 18 and producing four times the results.

Was it from mountaintop retreats and secret kung fu training? Nope. Was it a new Japanese management secret or better software? Nein. I just asked him to do one simple thing consistently without fail.

At least three times per day at scheduled times, he had to ask himself the following question:

Am I being productive or just active?

Charney captured the essence of this with less-abstract wording:

Am I inventing things to do to avoid the important?

He eliminated all of the activities he used as crutches and began to focus on demonstrating results instead of showing dedication. Dedication is often just meaningless work in disguise. Be ruthless and cut the fat.

It is possible to have your cupcake and eat it, too.

► Q&A: QUESTIONS AND ACTIONS

We create stress for ourselves because you feel like

you have to do it. You *have* to. I don't feel that anymore.

—OPRAH WINFREY, actress and talk-show host, *The Oprah Winfrey Show*

The key to having more time is doing less, and there are two paths to getting there, both of which should be used together: (1) Define a to-do list and (2) define a not-to-do list. In general terms, there are but two questions:

What 20% of sources are causing 80% of my problems and unhappiness?

What 20% of sources are resulting in 80% of my desired outcome and happiness?

Hypothetical cases help to get us started:

1. If you had a heart attack and had to work two hours per day, what would you do?

Not five hours, not four hours, not three—two hours. It's not where I want you to ultimately be, but it's a start. Besides, I can hear your brain bubbling already: That's ridiculous. Impossible! I know, I know. If I told you that you could survive for months, functioning quite well, on four hours of sleep per night, would you believe me? Probably not. Notwithstanding, millions of new mothers do it all the time. This exercise is not optional. The doctor has warned you, after triple-bypass surgery, that if you don't cut down your work to two hours per day for the first three months post-op, you will die. How would you do it?

2. If you had a second heart attack and had to work two hours per week, what would you do?

3. If you had a gun to your head and *had* to stop doing 4/5 of different time-consuming activities, what would you remove?

Simplicity requires ruthlessness. If you had to stop 4/5 of time-consuming activities—e-mail, phone calls, conversations, paperwork, meetings, advertising, customers, suppliers, products,

services, etc.—what would you eliminate to keep the negative effect on income to a minimum? Used even once per month, this question alone can keep you sane and on track.

4. What are the top-three activities that I use to fill time to feel as though I've been productive?

These are usually used to postpone more important actions (often uncomfortable because there is a chance of failure or rejection). Be honest with yourself, as we all do this on occasion. What are your crutch activities?

5. Who are the 20% of people who produce 80% of your enjoyment and propel you forward, and which 20% cause 80% of your depression, anger, and second-guessing?

Identify:

- ▶ Positive friends versus time-consuming friends: Who is helping versus hurting you, and how do you increase your time with the former while decreasing or eliminating your time with the latter?
- ▶ Who is causing me stress disproportionate to the time I spend with them? What will happen if I simply stop interacting with these people? Fear-setting helps here.
- ▶ When do I feel starved for time? What commitments, thoughts, and people can I eliminate to fix this problem?

Exact numbers aren't needed to realize that we spend too much time with those who poison us with pessimism, sloth, and low expectations of themselves and the world. It is often the case that

you have to fire certain friends or retire from particular social circles to have the life you want. This isn't being mean; it is being practical. Poisonous people do not deserve your time. To think otherwise is masochistic.

The best way to approach a potential break is simple: Confide in them honestly but tactfully and explain your concerns. If they bite back, your conclusions have been confirmed. Drop them like any other bad habit. If they promise to change, first spend at least two weeks apart to develop other positive influences in your life and diminish psychological dependency. The next trial period should have a set duration and consist of pass-or-fail criteria.

If this approach is too confrontational for you, just politely refuse to interact with them. Be in the middle of something when the call comes, and have a prior commitment when the invitation to hang out comes. Once you see the benefits of decreased time with these people, it will be easier to stop communication altogether.

I'm not going to lie: It sucks. It hurts like pulling out a splinter. But you are the average of the five people you associate with most, so do not underestimate the effects of your pessimistic, unambitious, or disorganized friends. If someone isn't making you stronger, they're making you weaker.

Remove the splinters and you'll thank yourself for it.

6. Learn to ask, "If this is the only thing I accomplish today, will I be satisfied with my day?"

Don't ever arrive at the office or in front of your computer without a clear list of priorities. You'll just read unassociated e-mail and scramble your brain for the day. Compile your to-do list for tomorrow no later than this evening. I don't recommend using Outlook or computerized to-do lists, because it is possible to add an infinite number of items. I use a standard piece of paper folded in half three times, which fits perfectly in the pocket and limits you to noting only a few items.

There should never be more than two mission-critical items to complete each day. Never. It just isn't necessary if they're actually high-impact. If you are stuck trying to decide between multiple

items that all seem crucial, as happens to all of us, look at each in turn and ask yourself, *If this is the only thing I accomplish today, will I be satisfied with my day?*

To counter the seemingly urgent, ask yourself: What will happen if I don't do this, and is it worth putting off the important to do it? If you haven't already accomplished at least one important task in the day, don't spend the last business hour returning a DVD to avoid a \$5 late charge. Get the important task done and pay the \$5 fine.

7. Put a Post-it on your computer screen or set an Outlook reminder to alert you at least three times daily with the question: Are you inventing things to do to avoid the important?

I also use free time-tracking software called RescueTime (www.rescuetime.com) to alert me when I spend more than an allotted time on certain websites or programs often used to avoid the important (Gmail, Facebook, Outlook, etc.). It also summarizes your time use each week and compares your performance to peers.

8. Do not multitask.

I'm going to tell you what you already know. Trying to brush your teeth, talk on the phone, and answer e-mail at the same time just doesn't work. Eating while doing online research and instant messaging? Ditto.

If you prioritize properly, there is no need to multitask. It is a symptom of "task creep"—doing more to feel productive while actually accomplishing less. As stated, you should have, at most, two primary goals or tasks per day. Do them separately from start to finish without distraction. Divided attention will result in more frequent interruptions, lapses in concentration, poorer net results, and less gratification.

9. Use Parkinson's Law on a Macro and Micro Level.

Use Parkinson's Law to accomplish more in less time. Shorten schedules and deadlines to necessitate focused action instead of deliberation and procrastination.

On a weekly and daily macro level, attempt to take Monday and/or Friday off, as well as leave work at 4 P.M. This will focus you

to prioritize more effectively and quite possibly develop a social life. If you're under the hawklike watch of a boss, we'll discuss the nuts and bolts of how to escape in later chapters.

On a micro task level, limit the number of items on your to-do list and use impossibly short deadlines to force immediate action while ignoring minutiae.

If doing work online or near an online computer, <http://e.ggtimer.com/> is a convenient countdown timer. Just type the desired time limit directly into the URL field and hit enter. The <http://> can often be omitted. For example:

<http://e.ggtimer.com/5minutes> (or just
"e.ggtimer.com/5min" in some browsers)

<http://e.ggtimer.com/1hour30minutes30seconds>

<http://e.ggtimer.com/30> (if you just put in a number, it assumes seconds)

► COMFORT CHALLENGE

Learn to Propose (2 Days)

Stop asking for opinions and start proposing solutions. Begin with the small things. If someone is going to ask, or asks, "Where should we eat?" "What movie should we watch?" "What should we do tonight?" or anything similar, do NOT reflect it back with, "Well, what do you want to ... ?" *Offer a solution.* Stop the back-and-forth and make a decision. Practice this in both personal and professional environments. Here are a few lines that help (my favorites are the first and last):

"Can I make a suggestion?"

"I propose ..."

"I'd like to propose ..."

"I suggest that ... What do you think?"

"Let's try ... and then try something else if that doesn't work."

► LIFESTYLE DESIGN IN ACTION

I'm a musician who got your book because Derek Sivers at CD Baby recommended it. Checking Pareto's Law I realized that 78% of my downloads came from just one of my CDs and that 55% of my total download income came from only five songs! It showed me what my fans are looking for and allowed me to showcase those on my web site. Downloads are the way to go. iTunes sells the song and CD Baby direct deposits it to my account. Fully automated once the recording is done. There are some months I can live off download income. Once I finish paying off debt, it should be no problem to travel as an artist and create new fans all over the world and have a cyber income stream.

—**VICTOR JOHNSON**

...

As for “outsourcing” your banking, any company that needs to take checks (cheques) should consider a lock box solution. Just about any bank that does business banking offers it. All checks go to a PO box at the bank, the bank processes the checks and deposits them, and according to your instructions can send you a file of all the checks that are deposited. Normally this can be done in either a flat, Excel or other file type that can interface with any accounting systems from Excel, to Quicken to SAP. Quite cost effective.

—**ANONYMOUS**

The Low-Information Diet

► CULTIVATING SELECTIVE IGNORANCE

What information consumes is rather obvious: it consumes the attention of its recipients. Hence, a wealth of information creates a poverty of attention and a need to allocate that attention efficiently among the overabundance of information sources that might consume it.

—HERBERT SIMON, recipient of Nobel Memorial Prize in Economics⁸ and the A.M. Turing Award, the “Nobel Prize of Computer Science”

Reading, after a certain age, diverts the mind too much from its creative pursuits. Any man who reads too much and uses his own brain too little falls into lazy habits of thinking.

—ALBERT EINSTEIN

I hope you're sitting down. Take that sandwich out of your mouth so you don't choke. Cover the baby's ears. I'm going to tell you something that upsets a lot of people.

I never watch the news and have bought one single newspaper in the last five years, in Stansted Airport in London, and only because it gave me a discount on a Diet Pepsi.

I would claim to be Amish, but last time I checked, Pepsi wasn't on the menu.

How obscene! I call myself an informed and responsible citizen? How do I stay up-to-date with current affairs? I'll answer all of that, but wait—it gets better. I usually check business e-mail for about an hour each Monday, and I never check voicemail when abroad. Never ever.

But what if someone has an emergency? It doesn't happen. My contacts now know that I don't respond to emergencies, so the emergencies somehow don't exist or don't come to me. Problems, as a rule, solve themselves or disappear if you remove yourself as an information bottleneck and empower others.

Cultivating Selective Ignorance

There are many things of which a wise man might wish to be ignorant.

—RALPH WALDO EMERSON (1803–1882)

From this point forward, I'm going to propose that you develop an uncanny ability to be selectively ignorant. Ignorance may be bliss, but it is also practical. It is imperative that you learn to ignore or redirect all information and interruptions that are irrelevant, unimportant, or unactionable. Most are all three.

The first step is to develop and maintain a low-information diet. Just as modern man consumes both too many calories and calories of no nutritional value, information workers eat data both in excess and from the wrong sources.

Lifestyle design is based on massive action—output. Increased output necessitates decreased input. Most information is time-consuming, negative, irrelevant to your goals, and outside of your influence. I challenge you to look at whatever you read or watched today and tell me that it wasn't at least two of the four.

I read the front-page headlines through the newspaper machines as I walk to lunch each day and nothing more. In five years, I haven't had a single problem due to this selective ignorance. It gives you

something new to ask the rest of the population in lieu of small talk: “Tell me, what’s new in the world?” And, if it’s that important, you’ll hear people talking about it. Using my crib notes approach to world affairs, I also retain more than someone who loses the forest for the trees in a sea of extraneous details.

From an actionable information standpoint, I consume a maximum of one-third of one industry magazine (*Response* magazine) and one business magazine (*Inc.*) per month, for a grand total of approximately four hours. That’s it for results-oriented reading. I read an hour of fiction prior to bed for relaxation.

How on earth do I act responsibly? Let me give an example of how I and other NR both consider and obtain information. I voted in the last presidential election,⁹ despite having been in Berlin. I made my decision in a matter of hours. First, I sent e-mails to educated friends in the U.S. who share my values and asked them who they were voting for and why. Second, I judge people based on actions and not words; thus, I asked friends in Berlin, who had more perspective outside of U.S. media propaganda, how they judged the candidates based on their historical behavior. Last, I watched the presidential debates. That was it. I let other dependable people synthesize hundreds of hours and thousands of pages of media for me. It was like having dozens of personal information assistants, and I didn’t have to pay them a single cent.

That’s a simple example, you say, but what if you need to learn to do something your friends haven’t done? Like, say, sell a book to the world’s largest publisher as a first-time author? Funny you should ask. There are two approaches I used:

1. I picked one book out of dozens based on reader reviews and the fact that the authors had actually done what I wanted to do. If the task is how-to in nature, I only read accounts that are “how I did it” and autobiographical. No speculators or wannabes are worth the time.
2. Using the book to generate intelligent and specific questions, I contacted 10 of the top authors and agents in the world via e-mail and phone, with a response rate of 80%.

I only read the sections of the book that were relevant to immediate next steps, which took less than two hours. To develop a template e-mail and call script took approximately four hours, and the actual e-mails and phone calls took less than an hour. This personal contact approach is not only more effective and more efficient than all-you-can-eat info buffets, it also provided me with the major league alliances and mentors necessary to sell this book. Rediscover the power of the forgotten skill called “talking.” It works.

Once again, less is more.

How to Read 200% Faster in 10 Minutes

There will be times when, it’s true, you will have to read. Here are four simple tips that will lessen the damage and increase your speed at least 200% in 10 minutes with no comprehension loss:

1. ***Two Minutes:*** Use a pen or finger to trace under each line as you read as fast as possible. Reading is a series of jumping snapshots (called saccades), and using a visual guide prevents regression.
2. ***Three Minutes:*** Begin each line focusing on the third word in from the first word, and end each line focusing on the third word in from the last word. This makes use of peripheral vision that is otherwise wasted on margins. For example, even when the highlighted words in the next line are your beginning and ending focal points, the entire sentence is “read,” just with less eye movement:

“Once upon a time, an information addict **decided** to detox.”

Move in from both sides further and further as it gets easier.

3. **Two Minutes:** Once comfortable indenting three or four words from both sides, attempt to take only two snapshots—also known as fixations—per line on the first and last indented words.

4. **Three Minutes:** Practice reading too fast for comprehension but with good technique (the above three techniques) for five pages prior to reading at a comfortable speed. This will heighten perception and reset your speed limit, much like how 50 mph normally feels fast but seems like slow motion if you drop down from 70 mph on the freeway.

To calculate reading speed in words per minute (wpm)—and thus progress—in a given book, add up the number of words in ten lines and divide by ten to get the average words per line. Multiply this by the number of lines per page and you have the average words per page. Now it's simple. If you initially read 1.25 pages in one minute at 330 average words per page, that's 412.5 words per minute. If you then read 3.5 pages after training, it's 1,155 words per minute and you're in the top 1% of the world's fastest readers.

► Q&A: QUESTIONS AND ACTIONS

Learning to ignore things is one of the great paths to inner peace.

—ROBERT J. SAWYER, *Calculating God*

1. Go on an immediate one-week media fast.

The world doesn't even hiccup, much less end, when you cut the information umbilical cord. To realize this, it's best to use the Band-Aid approach and do it quickly: a one-week media fast. Information is too much like ice cream to do otherwise. "Oh, I'll just have a half a

spoonful” is about as realistic as “I just want to jump online for a minute.” Go cold turkey.

If you want to go back to the 15,000-calorie potato chip information diet afterward, fine, but beginning tomorrow and for at least five full days, here are the rules:

No newspapers, magazines, audiobooks, or nonmusic radio. Music is permitted at all times.

No news websites whatsoever (cnn.com, drudgereport.com, msn.com,¹⁰ etc.).

No television at all, except for one hour of pleasure viewing each evening.

No reading books, except for this book and one hour of *fiction*¹¹ pleasure reading prior to bed.

No web surfing at the desk unless it is necessary to complete a work task for *that day*. Necessary means necessary, not nice to have.

Unnecessary reading is public enemy number one during this one-week fast.

What do you do with all the extra time? Replace the newspaper at breakfast with speaking to your spouse, bonding with your children, or learning the principles in this book. Between 9–5, complete your top priorities as per the last chapter. If you complete them with time to spare, do the exercises in this book. Recommending this book might seem hypocritical, but it’s not: The information in these pages is both important and to be applied now, not tomorrow or the day after.

Each day at lunch break, and no earlier, get your five-minute news fix. Ask a well-informed colleague or a restaurant waiter, “Anything important happening in the world today? I couldn’t get the paper today.” Stop this as soon as you realize that the answer doesn’t affect your actions at all. Most people won’t even remember what they spent one to two hours absorbing that morning.

Be strict with yourself. I can prescribe the medicine, but you need to

take it.

Download the Firefox web browser (www.firefox.com) and use **LeechBlock** to block certain sites entirely for set periods. From their site (<http://www.proginosko.com/leechblock.html>):

You can specify up to six sets of sites to block, with different times and days for each set. You can block sites within fixed time periods (e.g., between 9am and 5pm), after a time limit (e.g., 10 minutes in every hour), or with a combination of time periods and time limit (e.g., 10 minutes in every hour between 9am and 5pm). You can also set a password for access to the extension options, just to slow you down in moments of weakness!

2. Develop the habit of asking yourself, “Will I definitely use this information for something immediate and important?”

It’s not enough to use information for “something”—it needs to be immediate and important. If “no” on either count, don’t consume it. Information is useless if it is not applied to something important or if you will forget it before you have a chance to apply it.

I used to have the habit of reading a book or site to prepare for an event weeks or months in the future, and I would then need to reread the same material when the deadline for action was closer. This is stupid and redundant. Follow your to-do short list and fill in the information gaps as you go.

Focus on what digerati Kathy Sierra calls “just-in-time” information instead of “just-in-case” information.

3. Practice the art of nonfinishing.

This is another one that took me a long time to learn. Starting something doesn’t automatically justify finishing it.

If you are reading an article that sucks, put it down and don’t pick it back up. If you go to a movie and it’s worse than *Matrix III*, get the hell out of there before more neurons die. If you’re full after half a plate of ribs, put the damn fork down and don’t order dessert.

More is not better, and stopping something is often 10 times

better than finishing it. Develop the habit of nonfinishing that which is boring or unproductive if a boss isn't demanding it.

► COMFORT CHALLENGE

Get Phone Numbers (2 Days)

Being sure to maintain eye contact, ask for the phone numbers of at least two (the more you attempt, the less stressful it will be) attractive members of the opposite sex on each day. Girls, this means you're in the game as well, and it doesn't matter if you're 50+. Remember that the real goal is not to get numbers, but to get over the fear of asking, so the outcome is unimportant. If you're in a relationship, sign up to (or pretend to) gather information for Greenpeace. Just toss the numbers if you get them.

Go to a mall if you want to get some rapid-fire practice—my preference for getting over the discomfort quickly—and aim to ask three people in a row within five minutes. Feel free to use some variation of the following script:

“Excuse me. I know this is going to sound strange, but if I don't ask you now, I'll be kicking myself for the rest of the day. I'm running to meet a friend [i.e., I have friends and am not a stalker], but I think you're really [extremely, drop-dead] cute [gorgeous, hot]. Could I have your phone number? I'm not a psycho—I promise. You can give me a fake one if you're not interested.”

8. Simon received the Nobel Prize in 1978 for his contribution to organizational decision making: It is impossible to have perfect and complete information at any given time to make a decision.

9. 2004 at the time this was written.

10. LOL.

11. As someone who read exclusively nonfiction for nearly 15 years, I can tell you two things: It's not productive to read two fact-based books at the same time (this is one), and fiction is better than sleeping

pills for putting the happenings of the day behind you.

Interrupting Interruption and the Art of Refusal

Do your own thinking independently. Be the chess player, not the chess piece.

—RALPH CHARELL

Meetings are an addictive, highly self-indulgent activity that corporations and other organizations habitually engage in only because they cannot actually masturbate.

—DAVE BARRY, Pulitzer Prize-winning American humorist

SPRING 2000, PRINCETON, NEW JERSEY

1:35 P.M.

“I think I understand. Moving on. In the next paragraph, it explains that ...” I had detailed notes and didn’t want to miss a single point.

3:45 P.M.

“OK. That makes sense, but if we look at the following example ...” I paused for a moment mid-sentence. The teaching assistant had both hands on his face.

“Tim, let’s end here for now. I’ll be sure to keep these points in mind.” He had had enough. Me too, but I knew I’d only have to do it

once.

For all four years of school, I had a policy. If I received anything less than an A on the first paper or non-multiple-choice test in a given class, I would bring 2–3 hours of questions to the grader’s office hours and not leave until the other had answered them all or stopped out of exhaustion.

This served two important purposes:

1. I learned exactly how the grader evaluated work, including his or her prejudices and pet peeves.
2. The grader would think long and hard about ever giving me less than an A. He or she would never consider giving me a bad grade without exceptional reasons for doing so, as he or she knew I’d come a’knocking for another three-hour visit.

Learn to be difficult when it counts. In school as in life, having a reputation for being assertive will help you receive preferential treatment without having to beg or fight for it every time.

Think back to your days on the playground. There was always a big bully and countless victims, but there was also that one small kid who fought like hell, thrashing and swinging for the fences. He or she might not have won, but after one or two exhausting exchanges, the bully chose not to bother him or her. It was easier to find someone else.

Be that kid.

Doing the important and ignoring the trivial is hard because so much of the world seems to conspire to force crap upon you. Fortunately, a few simple routine changes make bothering you much more painful than leaving you in peace.

It’s time to stop taking information abuse.

Not All Evils Are Created Equal

or our purposes, an interruption is anything that prevents the start-to-finish completion of a critical task, and there are three principal offenders:

1. **Time wasters:** those things that can be ignored with little or no consequence. Common time wasters include meetings, discussions, phone calls, web surfing, and e-mail that are *unimportant*.
2. **Time consumers:** repetitive tasks or requests that need to be completed but often interrupt high-level work. Here are a few you might know intimately: reading and responding to e-mail, making and returning phone calls, customer service (order status, product assistance, etc.), financial or sales reporting, personal errands, all necessary repeated actions and tasks.
3. **Empowerment failures:** instances where someone needs approval to make something small happen. Here are just a few: fixing customer problems (lost shipments, damaged shipments, malfunctions, etc.), customer contact, cash expenditures of all types.

Let's look at the prescriptions for all three in turn.

Time Wasters: Become an Ignoramus

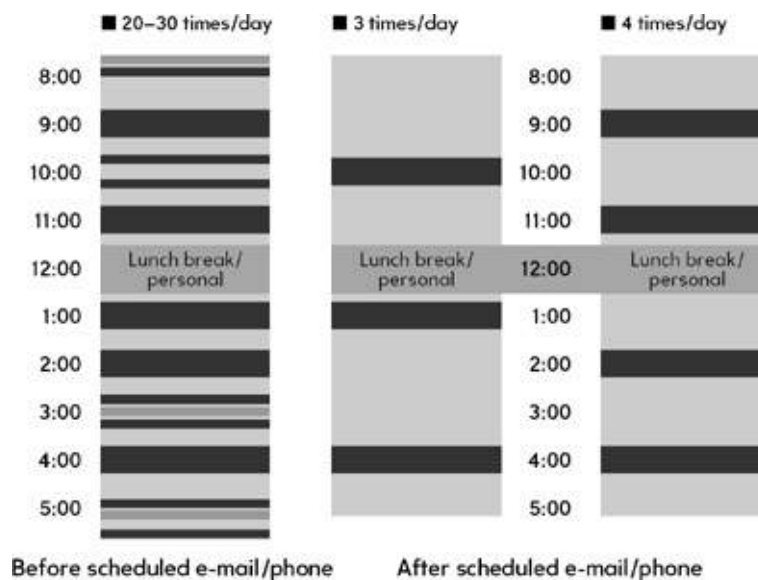
The best defense is a good offense.

—DAN GABLE, Olympic gold medalist in wrestling and the most successful coach in history; personal record: 299–6–3, with 182 pins

Time wasters are the easiest to eliminate and deflect. It is a matter of limiting access and funneling all communication toward immediate action.

First, limit e-mail consumption and production. This is the greatest single interruption in the modern world.

1. Turn off the audible alert if you have one on Outlook or a similar program and turn off automatic send/receive, which delivers e-mail to your inbox as soon as someone sends them.
2. Check e-mail twice per day, once at 12:00 noon or just prior to lunch, and again at 4:00 P.M. 12:00 P.M. and 4:00 P.M. are times that ensure you will have the most responses from previously sent e-mail. Never check e-mail first thing in the morning.¹² Instead, complete your most important task before 11:00 A.M. to avoid using lunch or reading e-mail as a postponement excuse.



LIGHT GRAY INDICATES TIME AVAILABLE FOR HIGH-PRIORITY TASKS. *Courtesy of SANDIA*

Before implementing the twice-daily routine, you must create an e-mail autoresponder that will train your boss, co-workers, suppliers, and clients to be more effective. I would recommend that you do not ask to implement this. Remember one of our ten commandments: Beg for forgiveness; don't ask for permission.

If this gives you heart palpitations, speak with your immediate supervisor and propose to trial the approach for one to three days. Cite pending projects and frustration with constant interruptions as the reasons. Feel free to blame it on spam or someone outside of the office.

Here is a simple e-mail template that can be used:

Greetings, Friends [or Esteemed Colleagues],

Due to high workload, I am currently checking and responding to e-mail twice daily at 12:00 p.m. ET [or your time zone] and 4:00 p.m. ET.

If you require urgent assistance (please ensure it is urgent) that cannot wait until either 12:00 p.m. or 4:00 p.m., please contact me via phone at 555-555-5555.

Thank you for understanding this move to more efficiency and effectiveness. It helps me accomplish more to serve you better.

Sincerely,

Tim Ferriss

MOVE TO ONCE-PER-DAY as quickly as possible. Emergencies are seldom that. People are poor judges of importance and inflate minutiae to fill time and feel important. This autoresponder is a tool that, far from decreasing collective effectiveness, forces people to re-evaluate their reason for interrupting you and helps them decrease meaningless and time-consuming contact.

I was initially terrified of missing important requests and inviting disaster, just as you might be upon reading this recommendation. Nothing happened. Give it a shot and work out the small bumps as you progress.

For an extreme example of a personal autoresponder that has never prompted a complaint and allowed me to check e-mail once per week, send an e-mail to template@fourhourworkweek.com. It has been revised over three years and works like a charm.

The second step is to screen incoming and limit outgoing phone calls.

1. Use two telephone numbers if possible—one office line (non urgent) and one cellular (urgent). This could also be two cell phones, or the non-urgent line could be an Internet phone number

that routes calls to online voicemail (www.skype.com, for example).

Use the cell number in the e-mail autoresponse and answer it at all times unless it is an unknown caller or it is a call you don't want to answer. If in doubt, allow the call to go to voicemail and listen to the voicemail immediately afterward to gauge importance. If it can wait, let it wait. The offending parties have to learn to wait.

The office phone should be put on silent mode and allowed to go to voicemail at all times. The voicemail recording should sound familiar:

You've reached the desk of Tim Ferriss.

I am currently checking and responding to voicemail twice daily at 12:00 p.m. ET [or your time zone] and 4:00 p.m. ET.

If you require assistance with a truly urgent matter that cannot wait until either 12:00 p.m. or 4:00 p.m., please contact me on my cell at 555-555-5555. Otherwise, please leave a message and I will return it at the next of those two times. Be sure to leave your e-mail address, as I am often able to respond faster that way.

Thank you for understanding this move to more efficiency and effectiveness. It helps me accomplish more to serve you better.

Have a wonderful day.

2. If someone does call your cell phone, it is presumably urgent and should be treated as such. Do not allow them to consume time otherwise. It's all in the greeting. Compare the following:

Jane (receiver): Hello?

John (caller): Hi, is this Jane?

Jane: This is Jane.

John: Hi, Jane, it's John.

Jane: Oh, hi, John. How are you? (or) Oh, hi, John. What's going on?

John will now digress and lead you into a conversation about nothing, from which you will have to recover and then fish out the ultimate purpose of the call. There is a better approach:

Jane: This is Jane speaking.

John: Hi, it's John.

Jane: Hi, John. I'm right in the middle of something. How can I help you out?

Potential continuation:

John: Oh, I can call back.

Jane: No, I have a minute. What can I do for you?

Don't encourage people to chitchat and don't let them chitchat. Get them to the point immediately. If they meander or try to postpone for a later undefined call, reel them in and get them to come to the point. If they go into a long description of a problem, cut in with, "[Name], sorry to interrupt, but I have a call in five minutes. What can I do to help out?" You might instead say, "[Name], sorry to interrupt, but I have a call in five minutes. Can you send me an e-mail?"

The third step is to master the art of refusal and avoiding meetings.

THE FIRST DAY our new Sales VP arrived at TrueSAN in 2001, he came into the all-company meeting and made an announcement in just about this many words: "I am not here to make friends. I have been hired to build a sales team and sell product, and that's what I intend to do. Thanks." So much for small talk.

He proceeded to deliver on his promise. The office socializers disliked him for his no-nonsense approach to communication, but everyone respected his time. He wasn't rude without reason, but he was direct and kept the people around him focused. Some didn't consider him charismatic, but no one considered him anything less than spectacularly effective.

I remember sitting down in his office for our first one-on-one meeting. Fresh off four years of rigorous academic training, I immediately jumped into explaining the prospect profiles, elaborate planning I'd developed, responses to date, and so forth and so on. I had spent at least two hours preparing to make this first impression a good one. He listened with a smile on his face for no more than two minutes and then held up a hand. I stopped. He laughed in a kind-hearted manner and said, "Tim, I don't want the story. Just tell me what we need to do."

Over the following weeks, he trained me to recognize when I was unfocused or focused on the wrong things, which meant anything that didn't move the top two or three clients one step closer to signing a purchase order. Our meetings were now no more than five minutes long.

From this moment forward, resolve to keep those around you focused and avoid all meetings, whether in person or remote, that do not have clear objectives. It is possible to do this tactfully, but expect that some time wasters will be offended the first few times their advances are rejected. Once it is clear that remaining on task is your policy and not subject to change, they will accept it and move on with life. Hard feelings pass. Don't suffer fools or you'll become one.

It is your job to train those around you to be effective and efficient. No one else will do it for you. Here are a few recommendations:

1. Decide that, given the non-urgent nature of most issues, you will steer people toward the following means of communication, in order of preference: e-mail, phone, and in-person meetings. If someone proposes a meeting, request an e-mail instead and then use the phone as your fallback offer if need be. Cite other immediately pending work tasks as the reason.

2. Respond to voicemail via e-mail whenever possible. This trains people to be concise. Help them develop the habit.

Similar to our opening greeting on the phone, e-mail communication should be streamlined to prevent needless back-and-forth. Thus, an e-mail with “Can you meet at 4:00 P.M.?” would become “Can you meet at 4:00 P.M.? If so If not, please advise three other times that work for you.”

This “if ... then” structure becomes more important as you check e-mail less often. Since I only check e-mail once a week, it is critical that no one needs a “what if?” answered or other information within seven days of a given e-mail I send. If I suspect that a manufacturing order hasn’t arrived at the shipping facility, for example, I’ll send an e-mail to my shipping facility manager along these lines: “Dear Susan ... Has the new manufacturing shipment arrived? If so, please advise me on ... If not, please contact John Doe at 555-5555 or via e-mail at john@doe.com (he is also CC’d) and advise on delivery date and tracking. John, if there are any issues with the shipment, please coordinate with Susan, reachable at 555-4444, who has the authority to make decisions up to \$500 on my behalf. In case of emergency, call me on my cell phone, but I trust you two. Thanks.” This prevents most follow-up questions, avoids two separate dialogues, and takes me out of the problem-solving equation.

Get into the habit of considering what “if ... then” actions can be proposed in any e-mail where you ask a question.

3. Meetings should only be held to make decisions about a predefined situation, not to define the problem. If someone proposes that you meet with them or “set a time to talk on the phone,” ask that person to send you an e-mail with an agenda to define the purpose:

That sounds doable. So I can best prepare, can you please send me an e-mail with an agenda? That is, the topics and questions we’ll need to address? That would be great. Thanks

in advance.

Don't give them a chance to bail out. The "thanks in advance" before a retort increases your chances of getting the e-mail.

The e-mail medium forces people to define the desired outcome of a meeting or call. Nine times out of ten, a meeting is unnecessary and you can answer the questions, once defined, via e-mail. Impose this habit on others. I haven't had an in-person meeting for my business in more than five years and have had fewer than a dozen conference calls, all lasting less than 30 minutes.

4. Speaking of 30 minutes, if you absolutely cannot stop a meeting or call from happening, *define the end time*. Do not leave these discussions open-ended, and keep them short. If things are well-defined, decisions should not take more than 30 minutes. Cite other commitments at odd times to make them more believable (e.g., 3:20 vs. 3:30) and force people to focus instead of socializing, commiserating, and digressing. If you must join a meeting that is scheduled to last a long time or that is open-ended, inform the organizer that you would like permission to cover your portion first, as you have a commitment in 15 minutes. If you have to, feign an urgent phone call. Get the hell out of there and have someone else update you later. The other option is to be completely transparent and voice your opinion of how unnecessary the meeting is. If you choose this route, be prepared to face fire and offer alternatives.

5. The cubicle is your temple—don't permit casual visitors. Some suggest using a clear "do not disturb" sign of some type, but I have found that this is ignored unless you have an office. My approach was to put headphones on, even if I wasn't listening to anything. If someone approached me despite this discouragement, I would pretend to be on the phone. I'd put a finger to my lips,

say something like, “I hear you,” and then say into the mic, “Can you hold on a second?” Next, I’d turn to the invader and say, “Hi. What can I do for you?” I wouldn’t let them “get back to me” but rather force the person to give me a five-second summary and then send me an e-mail if necessary.

If headphone games aren’t your thing, the reflexive response to an invader should be the same as when answering the cell phone: “Hi, invader. I’m right in the middle of something. How can I be of help?” If it’s not clear within 30 seconds, ask the person to send you an e-mail about the chosen issue; do not offer to send them an e-mail first: “I’ll be happy to help, but I have to finish this first. Can you send me a quick e-mail to remind me?” If you still cannot deflect an invader, give the person a time limit on your availability, which can also be used for phone conversations: “OK, I only have two minutes before a call, but what’s the situation and what can I do to help?”

6. Use the Puppy Dog Close to help your superiors and others develop the no-meeting habit. The Puppy Dog Close in sales is so named because it is based on the pet store sales approach: If someone likes a puppy but is hesitant to make the life-altering purchase, just offer to let them take the pup home and bring it back if they change their minds. Of course, the return seldom happens.

The Puppy Dog Close is invaluable whenever you face resistance to permanent changes. Get your foot in the door with a “let’s just try it once” reversible trial.

Compare the following:

“I think you’d love this puppy. It will forever add to your responsibilities until he dies 10 years from now. No more care-free vacations, and you’ll finally get to pick up poop all over the city—what do you think?”

vs.

Now imagine walking up to your boss in the hallway and clapping a hand on her shoulder:

“I’d like to go to the meeting, but I have a better idea. Let’s never have another one, since all we do is waste time and not decide anything useful.”

vs.

The second set of alternatives seem less permanent, and they’re intended to appear so. Repeat this routine and ensure that you achieve more outside of the meeting than the attendees do within it; repeat the disappearing act as often as possible and cite improved productivity to convert this slowly into a permanent routine change.

Learn to imitate any good child: “Just this once! Please!!! I promise I’ll do X!” Parents fall for it because kids help adults to fool themselves. It works with bosses, suppliers, customers, and the rest of the world, too.

Use it, but don’t fall for it. If a boss asks for overtime “just this once,” he or she will expect it in the future.

Time Consumers: Batch and Do Not Falter

A schedule defends from chaos and whim.

—ANNIE DILLARD, winner of Pulitzer Prize in
nonfiction, 1975

If you have never used a commercial printer before, the pricing and lead times could surprise you.

Let’s assume it costs \$310 and takes one week to print 20 customized T-shirts with 4-color logos. How much and how long does it take to print 3 of the same T-shirt?

\$310 and one week.

How is that possible? Simple—the setup charges don't change. It costs the printer the same amount in materials for plate preparation (\$150) and the same in labor to man the press itself (\$100). The setup is the real time-consumer, and thus the job, despite its small size, needs to be scheduled just like the other, resulting in the same one-week delivery date. The lower economy of scale picks up the rest: The cost for 3 shirts is \$20 per shirt x 3 shirts instead of \$3 per shirt x 20 shirts.

The cost- and time-effective solution, therefore, is to wait until you have a larger order, an approach called “batching.” Batching is also the solution to our distracting but necessary **time consumers**, those repetitive tasks that interrupt the most important.

If you check mail and make bill payments five times a week, it might take 30 minutes per instance and you respond to a total of 20 letters in two and a half hours. If you do this once per week instead, it might take 60 minutes total and you still respond to a total of 20 letters. People do the former out of fear of emergencies. First, there are seldom real emergencies. Second, of the urgent communication you will receive, missing a deadline is usually reversible and otherwise costs a minimum to correct.

There is an inescapable setup time for all tasks, large or minuscule in scale. It is often the same for one as it is for a hundred. There is a psychological switching of gears that can require up to 45 minutes to resume a major task that has been interrupted. More than a quarter of each 9–5 period (28%) is consumed by such interruptions.¹³

This is true of all recurring tasks and is precisely why we have already decided to check e-mail and phone calls twice per day at *specific predetermined times* (between which we let them accumulate).

From mid-2004 to 2007, I checked mail no more than once a week, often not for up to four weeks at a time. Nothing was irreparable, and nothing cost more than \$300 to fix. This batching has saved me hundreds of hours of redundant work. How much is your time worth?

Let's use a hypothetical example:

1. \$20 per hour is how much you are paid or value your time.

This would be the case, for example, if you are paid \$40,000 per year and get two weeks of vacation per year ($\$40,000$ divided by $[40 \text{ hours per week} \times 50 = 2,000] = \$20/\text{hour}$). Estimate your hourly income by cutting the last three zeroes off of your annual income and halving the remaining number (e.g., $\$50,000/\text{year}$ p $\$25/\text{hour}$).

2. Estimate the amount of time you will save by grouping similar tasks together and batching them, and calculate how much you have earned by multiplying this hour number by your per-hour rate ($\$20$ here):

1 × per week:	10 hours = \$200
1 × per two weeks:	20 hours = \$400
1 × per month:	40 hours = \$800

3. Test each of the above batching frequencies and determine how much problems cost to fix in each period. If the cost is less than the above dollar amounts, batch even further apart.

For example, using our above math, if I check e-mail once per week and that results in an average loss of two sales per week, totaling \$80 in lost profit, I will continue checking once per week because \$200 (10 hours of time) minus \$80 is still a \$120 net gain, not to mention the enormous benefits of completing other main tasks in those 10 hours. If you calculate the financial and emotional benefit of completing just one main task (such as landing a major client or completing a life-changing trip), the value of batching is much more than the per-hour savings.

If the problems cost more than hours saved, scale back to the next-less-frequent batch schedule. In this case, I would drop from once per week to twice per week (not daily) and attempt to fix the system so that I can return to once per week. Do not work harder when the solution is working smarter. I have batched both personal and business tasks further and further apart as I've realized just how few real problems come up. Some of my scheduled batches in 2007 were e-mail (Mondays 10:00 A.M.), phone (completely eliminated), laundry (every other Sunday at 10:00 P.M.), credit cards and bills (most are on automatic payment,

but I check balances every second Monday after e-mail), strength training (every 4th day for 30 minutes), etc.

Empowerment Failure: Rules and Readjustment

The vision is really about empowering workers, giving them all the information about what's going on so they can do a lot more than they've done in the past.

—BILL GATES, cofounder of Microsoft, richest man in the world

Empowerment failure refers to being unable to accomplish a task without first obtaining permission or information. It is often a case of being micromanaged or micromanaging someone else, both of which consume *your* time.

For the employee, the goal is to have full access to necessary information and as much independent decision-making ability as possible. For the entrepreneur, the goal is to grant as much information and independent decision-making ability to employees or contractors as possible.

Customer service is often the epitome of empowerment failure, and a personal example from BrainQUICKEN illustrates just how serious but easily solved the problem can be.

In 2002, I had outsourced customer service for order tracking and returns but still handled product-related questions myself. The result? I received more than 200 e-mail per day, spending all hours between 9–5 responding to them, and the volume was growing at a rate of more than 10% per week! I had to cancel advertising and limit shipments, as additional customer service would have been the final nail in the coffin. It wasn't *a scalable* model. Remember this word, as it will be important later. It wasn't scalable because there was an information and decision bottleneck: me.

The clincher? The bulk of the e-mail that landed in my inbox was not product-related at all but requests from the outsourced customer service reps seeking permission for different actions:

The customer claims he didn't receive the shipment. What should we do?

The customer had a bottle held at customs. Can we reship to a U.S. address?

The customer needs the product for a competition in two days. Can we ship overnight, and if so, how much should we charge?

It was endless. Hundreds upon hundreds of different situations made it impractical to write a manual, and I didn't have the time or experience to do so regardless.

Fortunately, someone did have the experience: the outsourced reps themselves. I sent one single e-mail to all the supervisors that immediately turned 200 e-mail per day into fewer than 20 e-mail per week:

Hi All,

I would like to establish a new policy for my account that overrides all others.

Keep the customer happy. If it is a problem that takes less than \$100 to fix, use your judgment and fix it yourself.

This is official written permission and a request to fix all problems that cost under \$100 without contacting me. I am no longer your customer; my customers are your customer. Don't ask me for permission. Do what you think is right, and we'll make adjustments as we go along.

Thank you,

Tim

Upon close analysis, it became clear that more than 90% of the issues that prompted e-mail could be resolved for less than \$20. I reviewed the financial results of their independent decision-making on a weekly basis for four weeks, then a monthly basis, and then on a quarterly basis.

It's amazing how someone's IQ seems to double as soon as you give them responsibility and indicate that you trust them. The first month cost perhaps \$200 more than if I had been micromanaging. In the meantime, I saved more than 100 hours of my own time per month, customers received faster service, returns dropped to less than 3% (the industry average is 10–15%), and outsourcers spent less time on my account, all of which resulted in rapid growth, higher profit margins, and happier people on all sides.

People are smarter than you think. Give them a chance to prove themselves.

If you are a micromanaged employee, have a heart-to-heart with your boss and explain that you want to be more productive and interrupt him or her less. "I hate that I have to interrupt you so much and pull you away from more important things I know you have on your plate. I was doing some reading and had some thoughts on how I might be more productive. Do you have a second?"

Before this conversation, develop a number of "rules" like the previous example that would allow you to work more autonomously with less approval-seeking. The boss can review the outcome of your decisions on a daily or weekly basis in the initial stages. Suggest a one-week trial and end with "I'd like to try it. Does that sound like something we could try for a week?" or my personal favorite, "Is that reasonable?" It's hard for people to label things unreasonable.

Realize that bosses are supervisors, not slave masters. Establish yourself as a consistent challenger of the status quo and most people will learn to avoid challenging you, particularly if it is in the interest of higher per-hour productivity.

If you are a micromanaging entrepreneur, realize that even if you can do something better than the rest of the world, it doesn't mean that's what you should be doing if it's part of the minutiae. Empower

others to act without interrupting you.

SET THE RULES in your favor: Limit access to your time, force people to define their requests before spending time with them, and batch routine menial tasks to prevent postponement of more important projects. Do not let people interrupt you. Find your focus and you'll find your lifestyle.

The bottom line is that you only have the rights you fight for.

In the next section, **Automation**, we'll see how the New Rich create management-free money and eliminate the largest remaining obstacle of all: themselves.

► Q&A: QUESTIONS AND ACTIONS

People think it must be fun to be a super genius, but they don't realize how hard it is to put up with all the idiots in the world.

—CALVIN, from Calvin and Hobbes

Blaming idiots for interruptions is like blaming clowns for scaring children—they can't help it. It's their nature. Then again, I had (who am I kidding—and have), on occasion, been known to create interruptions out of thin air. If you're anything like me, that makes us both occasional idiots. Learn to recognize and fight the interruption impulse.

This is infinitely easier when you have a set of rules, responses, and routines to follow. It is your job to prevent yourself and others from letting the unnecessary and unimportant prevent the start-to-finish completion of the important.

This chapter differs from the previous in that the necessary actions, due to the inclusion of examples and templates, have been presented throughout from start to finish. This Q & A will thus be a summary rather than a repetition. The devil is in the details, so be sure to reread this chapter for the specifics.

The 50,000-foot review is as follows:

1. Create systems to limit your availability via e-mail and phone and deflect inappropriate contact.

Get the autoresponse and voicemail script in place now, and master the various methods of evasion. Replace the habit of “How are you?” with “How can I help you?” Get specific and remember—no stories. Focus on immediate actions. Set and practice interruption-killing policies.

Avoid meetings whenever possible:

- ▶ Use e-mail instead of face-to-face meetings to solve problems.
- ▶ Beg-off going (this can be accomplished through the Puppy Dog Close).

If meetings are unavoidable, keep the following in mind:

- ▶ Go in with a clear set of objectives.
- ▶ Set an end time or leave early.

2. Batch activities to limit setup cost and provide more time for dreamline milestones.

What can I routinize by batching? That is, what tasks (whether laundry, groceries, mail, payments, or sales reporting, for example) can I allot to a specific time each day, week, month, quarter, or year so that I don't squander time repeating them more often than is absolutely necessary?

3. Set or request autonomous rules and guidelines with occasional review of results.

Eliminate the decision bottleneck for all things that are nonfatal if misperformed. If an employee, believe in yourself enough to ask for more independence on a trial basis. Have practical “rules” prepared and ask the boss for the sale after surprising him or her with an impromptu presentation. Remember the Puppy Dog Close—make it a one-time trial and reversible.

For the entrepreneur or manager, give others the chance to prove themselves. The likelihood of irreversible or expensive problems is minimal and the time savings are guaranteed. Remember, profit is only profitable to the extent that you can use it. For that you need time.

► TOOLS AND TRICKS

Eliminating Paper Distractions, Capturing Everything

► Evernote (www.evernote.com)

This is perhaps the most impressive tool I've found in the last year, introduced to me by some of the most productive technologists in the world. Evernote has eliminated more than 90% of the paper in my life and eliminated nearly all of the multiple tabs I used to leave open in web browsers, both of which distracted me to no end. It can clear out your entire office clutter in one to three hours.

Evernote allows you to easily capture information from anywhere using whatever device is at hand, and everything is then searchable (read: findable) from anywhere. I use it to:

- Take photographs of everything I might want to remember or find later—business cards, handwritten notes, wine labels, receipts, whiteboard sessions, and more. Evernote identifies the text in all of these pictures automatically, so it's all searchable(!), whether from an iPhone, your laptop, or the web. Just as one example, I can store and find the contact information from any business card in seconds (often using the built in iSight camera on Mac to capture it), rather than spending

hours inputting it all into contacts or searching through e-mail for that lost phone number. It's mind-numbing how much time this saves.

- ▶ Scan all agreements, paper articles, etc., that would otherwise sit in file folders or on my desk. I use the Mac Fujitsu ScanSnap miniscanner (<http://bit.ly/scansnapmac>), the best I've found, which scans all of it directly to Evernote in seconds with one button.
- ▶ Take snapshots of websites, capturing all text and links, so that I can read them offline when traveling or doing later research. Get rid of all those scattered bookmarks, favorites, and open tabs.

Screening and Avoiding Unwanted Calls

- ▶ GrandCentral (www.grandcentral.com) and YouMail (www.youmail.com)

In a world where your physical address will change more often than your cell phone number (and e-mail), it can be disastrous if your number becomes public or gets in the wrong hands. Enter GrandCentral, which will give you a number with the area code of your choosing that then forwards to your own phone(s). I now give a GrandCentral number to anyone besides family and close friends. Some of the benefits:

- ▶ Identify any incoming number as unwanted, and that caller will then hear a “number not in

service” message when attempting to call you.

- ▶ Customize your voicemail message to individual callers (spouse, boss, colleague, client, etc.) and listen in on messages as they’re being left, so you can “pick up” if the message is worth the interruption. Call recording is also an option.
- ▶ Use an area code outside of your hometown to prevent people and companies from finding and misusing addresses you’d prefer to keep private.
- ▶ Establish do-not-disturb hours, when calls are routed directly to voicemail with no ring.
- ▶ Have voicemail sent to your cell phone as SMS (text messages).

YouMail, another option, can also transcribe voicemails and send them to your phone as text messages. Getting calls while stuck in a time-wasting meeting? No problem: Respond to voicemails via SMS during the meeting so you’re not stuck returning calls afterward.

One Shot, One Kill Scheduling Without E-mail Back-and-Forth

Few things are as time-consuming as scheduling via e-mail. Person A: “How about Tues. at 3 P.M.?” Person B: “I can make it.” Person C: “I have a meeting. How about Thurs.?” Person D: “I’m on a con-call. How about 10 A.M. on Fri.?” Use these tools to make scheduling simple and fast instead of another part-time job.

► **Doodle (www.doodle.com)**

The best free tool I've found for herding cats (multiple people) for scheduling without excessive e-mail. Create and poll in 30 seconds with the proposed options and forward a link to everyone invited. Check back a few hours later and you'll have the best time for the most people.

► **TimeDriver (www.timedriver.com)**

Let colleagues and clients self-schedule with you based on your availability, which is determined by integration with Outlook or Google Calendar. Embed a "schedule now" button in e-mail messages and you'll never have to tell people when you can make a call or meeting. Let them see what's open and choose.

Choosing the Best E-mail Batching Times

► **Xobni (www.xobni.com/special)**

Xobni—*inbox* spelled backwards—is a free program for putting Outlook on steroids. It offers many features, but the most relevant to this chapter is its ability to identify "hotspots," or periods of time when you receive the bulk of e-mail from your most important contacts. These "hotspots" are batching times that will enable you to keep critical contacts (clients, bosses, etc.) smiling even while you reduce checking e-mail to 1–3 times per day. It will also populate your contacts automatically by pulling phone numbers, addresses, etc., from separate e-mail buried in the inbox.

E-mailing Without Entering the Black Hole of the Inbox

Don't enter the black hole of the inbox off hours because you're afraid you'll forget something. Use these services instead to keep focused, whether on completing a critical project or simply enjoying the weekend.

► **Jott (www.jott.com)**

Capture thoughts, create to-do's, and set reminders with a simple toll-free phone call. The service transcribes your message (15–30 seconds) and e-mails it to whomever you want, including yourself, or to your Google calendar for automatic scheduling. Jott also enables you to post voice message links to Twitter (www.twitter.com), Facebook (www.facebook.com), and other services that tend to consume hours if you visit the sites themselves.

► **Copy talk (www.copytalk.com)**

Dictate any message up to four minutes and have the transcription e-mailed to you within hours. Excellent for brainstorming, and the accuracy is astounding.

Preventing Web Browsing Completely

► **Freedom (<http://www.ibiblio.org/fred/freedom/>)**

Freedom is a free application that disables networking on an Apple computer for 1–480 minutes (up to eight hours) at a time. Freedom will free you from the distractions of the Internet, allowing you the focus to get real work done.

Freedom enforces freedom; a reboot is the only method for turning Freedom off before the time limit you've set for yourself. The hassle of rebooting means you're less likely to cheat, and you'll be more productive. Experiment with the software for short periods of time at first (30–60 minutes.)

► COMFORT CHALLENGE

Revisit the Terrible Twos (2 Days)

For the next two days, do as all good two-year-olds do and say “no” to all requests. Don't be selective. Refuse to do all things that won't get you immediately fired. Be selfish. As with the last exercise, the objective isn't an outcome—in this case, eliminating just those things

that waste time—but the process: getting comfortable with saying “no.” Potential questions to decline include the following:

Do you have a minute?

Want to see a movie tonight/tomorrow?

Can you help me with X?

“No” should be your default answer to all requests. Don’t make up elaborate lies or you’ll get called on them. A simple “I really can’t—sorry; I’ve got too much on my plate right now” will do as a catch-all response.

► LIFESTYLE DESIGN IN ACTION

Batching tool—PO Box: This might be stating the obvious, but one easy way to encourage batching of your mail is to use a PO Box versus getting mail delivered to your house. We got our PO Box to limit access to our physical address online, but it also encourages you to get the mail less and deal with it in batch. Our post office has recycling bins, so at least 60% of the mail doesn’t even come home with us. For a while I was only getting and managing the mail once a week, and I found not only did it take less time overall, I did a better job managing it and getting it out of the way versus looking at it and setting it aside for future follow up.

—*LAURA TURNER*

...

For families, the four-hour workweek doesn’t have to mean four months on a sailboat in the Caribbean unless that’s their dream, but even the simple ideal of having time to take a walk in the park every evening or spending weekends together, makes taking actions to implement this program worthwhile.

[There are many different approaches for making this work]: Kids have to promise they won’t bother Mommy in the evening while she works on the computer, the husband watches the kids

in the evening, both parents make plans once a week to have someone take care of the kids, etc. Then close with the huge payoff for the family of having more time to spend with each other.

—ADRIENNE JENKINS

...

Why not combine a mini-retirement with dentistry (or medical) geoarbitrage and finance your trip with the savings? I lived in Thailand for four months and got root canal treatment and a crown for ⅓ of the price that it costs in Australia. There are many upmarket clinics set up for “expats” and health travelers in Thailand, Philippines, Vietnam, Goa, etc., with English-speaking dentists. And in Europe many people go to Poland or Hungary. To research, just Google “dentist” and the country and you will come across practices advertising to foreigners. Talk to expats when you’re in the country or on online chat forums for recommendations. Now I’m in Australia I still combine my travels with annual dentist checkups—and the savings often finance my airfare. Even between developed countries there are significant cost differences. For example France is far cheaper than the UK and Australia is cheaper than the U.S. [Note from Tim: Learn more about the incredible world of medical tourism and geoarbitrage at http://en.wikipedia.org/wiki/Medical_tourism. Even large insurers like AETNA often cover overseas treatments and surgeries.]

—ANONYMOUS

12. This habit alone can change your life. It seems small but has an enormous effect.

13. Jonathan B. Spira and Joshua B. Feintuch, *The Cost of Not Paying Attention: How Interruptions Impact Knowledge Worker Productivity* (Basex, 2005).

Step III:

A is for Automation

SCOTTY: She's all yours, sir. All systems automated and ready. A chimpanzee and two trainees could run her!

CAPTAIN KIRK: Thank you, Mr. Scott. I'll try not to take that personally.

—*STAR TREK*

Outsourcing Life

► OFF-LOADING THE REST AND A TASTE OF GEOARBITRAGE¹⁴

A man is rich in proportion to the number of things
he can afford to let alone.

—HENRY DAVID THOREAU, naturalist

If I told you this story, you wouldn't believe me, so I'll let AJ tell it. It will set the stage for even more incredible things to come, all of which you will do yourself.

My Outsourced Life

A true account by AJ Jacobs, editor-at-large at *Esquire* magazine
(ellipses represent passage of time between entries)

IT BEGAN a month ago. I was midway through *The World Is Flat*, the bestseller by Tom Friedman. I like Friedman, despite his puzzling decision to wear a mustache. His book is all about how outsourcing to India and China is not just for tech support and carmakers but is poised to transform every industry in America, from law to banking to accounting.

I don't have a corporation; I don't even have an up-to-date business card. I'm a writer and editor working from home, usually in my boxer shorts or, if I'm feeling formal, my penguin-themed pajama bottoms.

Then again, I think, why should Fortune 500 firms have all the fun? Why can't I join in on the biggest business trend of the new century? Why can't I outsource my low-end tasks? Why can't I outsource my life?

The next day I e-mail Brickwork, one of the companies Friedman mentions in his book. Brickwork—based in Bangalore, India—offers “remote executive assistants,” mostly to financial firms and healthcare companies that want data processed. I explain that I'd like to hire someone to help with *Esquire-related* tasks—doing research, formatting memos, like that. The company's CEO, Vivek Kulkarni, responds, “It would be a great pleasure to be talking to a person of your stature.” Already I'm liking this. I've never had stature before. In America, I barely command respect from a Bennigan's maître d', so it's nice to know that in India I have stature.

A couple of days later, I get an e-mail from my new “remote executive assistant.”

Dear Jacobs,

My name is Honey K. Balani. I would be assisting you in your editorial and personal job.... I would try to adapt myself as per your requirements that would lead to desired satisfaction.

Desired satisfaction. This is great. Back when I worked at an office, I had assistants, but there was never any talk of *desired satisfaction*. In fact, if anyone ever used the phrase “desired satisfaction,” we'd all end up in a solemn meeting with HR.

...

I GO OUT to dinner with my friend Misha, who grew up in India, founded a software firm, and subsequently became nauseatingly rich. I tell him about Operation Outsource. “You should call Your Man in India,” he says. Misha explains that this is a company for Indian businessmen who have moved overseas but who still have parents back in New Delhi or Mumbai. YMII is their overseas concierge service—it buys movie tickets and cell phones and other sundries for abandoned moms.

Perfect. This could kick my outsourcing up to a new level. I can have a nice, clean division of labor: Honey will take care of my business affairs, and YMII can attend to my personal life—pay my bills, make vacation reservations, buy stuff online. Happily, YMII likes the idea, and just like that the support team at Jacobs Inc. has doubled.

...

HONEY HAS completed her first project for me: research on the person *Esquire* has chosen as the Sexiest Woman Alive. I've been assigned to write a profile of this woman, and I really don't want to have to slog through all the heavy-breathing fan websites about her. When I open Honey's file, I have this reaction: America is f*cked. There are charts. There are section headers. There is a well-organized breakdown of her pets, measurements, and favorite foods (e.g., swordfish). If all Bangalorians are like Honey, I pity Americans about to graduate college. They're up against a hungry, polite, Excel-proficient Indian army.

...

IN FACT, in the next few days, I outsource a whole mess of online errands to Asha (from the personal service YMII): paying my bills, getting stuff from drugstore.com, finding my son a Tickle Me Elmo. (Actually, the store was out of Tickle Me Elmos, so Asha bought a Chicken Dance Elmo—good decision.) I had her call Cingular to ask about my cell-phone plan. I'm just guessing, but I bet her call was routed from Bangalore to New Jersey and then back to a Cingular employee in Bangalore, which makes me happy for some reason.

...

IT'S THE fourth morning of my new, farmed-out life, and when I flip on my computer, my e-mail inbox is already filled with updates from my overseas aides. It's a strange feeling having people work for you while you sleep. Strange, but great. I'm not wasting time while I drool on my pillow; things are getting done.

...

HONEY IS my protector. Consider this: For some reason, the Colorado Tourism Board e-mails me all the time. (Most recently, they informed me about a festival in Colorado Springs featuring the world's most famous harlequin.) I request that Honey gently ask them to stop with the press releases. Here's what she sent:

Dear All,

Jacobs often receives mails from Colorado news, too often. They are definitely interesting topics. However, these topics are not suitable for "Esquire."

Further, we do understand that you have taken a lot of initiatives working on these articles and sending it to us. We understand. Unfortunately, these articles and mails are too time consuming to be read.

Currently, these mails are not serving right purpose for both of us. Thus, we request to stop sending these mails.

We do not mean to demean your research work by this.

We hope you understand too.

Thanking you,

Honey K B

That is the best rejection notice in journalism history. It's exceedingly polite, but there's a little undercurrent of indignation. Honey seems almost outraged that Colorado would waste the valuable time of Jacobs.

...

I DECIDE to test the next logical relationship: my marriage. These arguments with my wife are killing me—partly because Julie is a much better debater than I am. Maybe Asha can do better:

Hello Asha,

My wife got annoyed at me because I forgot to get cash at the automatic bank machine ... I wonder if you could tell her that I love her, but gently remind her that she too forgets things—she

has lost her wallet twice in the last month. And she forgot to buy nail clippers for Jasper.

AJ

I can't tell you what a thrill I got from sending that note. It's pretty hard to get much more passive-aggressive than bickering with your wife via an e-mail from a subcontinent halfway around the world.

The next morning, Asha CC'd me on the e-mail she sent to Julie.

Julie,

Do understand your anger that I forgot to pick up the cash at the automatic machine. I have been forgetful and I am sorry about that.

But I guess that doesn't change the fact that I love you so much....

Love
AJ

P. S. This is Asha mailing on behalf of Mr. Jacobs.

As if that weren't enough, she also sent Julie an e-card. I click on it: two teddy bears embracing, with the words, "Anytime you need a hug, I've got one for you.... I'm sorry."

Damn! My outsourcers are too friggin' nice! They kept the apology part but took out my little jabs. They are trying to save me from myself. They are superegoing my id. I feel castrated.

Julie, on the other hand, seems quite pleased: "That's nice, sweetie. I forgive you."

...

DESPITE THREE weeks with my support team, I'm still stressed. Perhaps it's the fault of Chicken Dance Elmo, whom my son loves to the point of dry humping, but who is driving me slowly insane. Whatever the reason, I figure it's time to conquer another frontier: outsourcing my inner life.

First, I try to delegate my therapy. My plan is to give Asha a list of my neuroses and a childhood anecdote or two, have her talk to my shrink for 50 minutes, then relay the advice. Smart, right? My shrink refused. Ethics or something. Fine. Instead, I have Asha send me a meticulously researched memo on stress relief. It had a nice Indian flavor to it, with a couple of yogic postures and some visualization.

This was okay, but it didn't seem quite enough. I decided I needed to outsource my worry. For the last few weeks I've been tearing my hair out because a business deal is taking far too long to close. I asked Honey if she would be interested in tearing her hair out in my stead. Just for a few minutes a day. She thought it was a wonderful idea. "I will worry about this every day," she wrote. "Do not worry."

The outsourcing of my neuroses was one of the most successful experiments of the month. Every time I started to ruminate, I'd remind myself that Honey was already on the case, and I'd relax. No joke—this alone was worth it.

At a Glance: Where You Will Be

The future is here. It's just not widely distributed yet.

—WILLIAM GIBSON, author of *Neuromancer*; coined term "cyberspace" in 1984

Here is a sneak preview of full automation.

I woke up this morning, and given that it's Monday, I checked my e-mail for one hour after an exquisite Buenos Aires breakfast.

Sowmya from India had found a long-lost high school classmate of mine, and Anakool from YMII had put together Excel research reports for retiree happiness and the average annual hours worked in different fields. Interviews for this week had been set by a third Indian virtual assistant, who had also found contact information for the best Kendo schools in Japan and the top salsa teachers in Cuba. In the next e-mail folder, I was pleased to see that my fulfillment account manager in

Tennessee, Beth, had resolved nearly two dozen problems in the last week—keeping our largest clients in China and South Africa smiling—and had also coordinated California sales tax filing with my accountants in Michigan. The taxes had been paid via my credit card on file, and a quick glance at my bank accounts confirmed that Shane and the rest of the team at my credit card processor were depositing more cash than last month. All was right in the world of automation.

It was a beautiful sunny day, and I closed my laptop with a smile. For an all-you-can-eat buffet breakfast with coffee and orange juice, I paid \$4 U.S. The Indian outsourcers cost between \$4–10 U.S. per hour. My domestic outsourcers are paid on performance or when product ships. This creates a curious business phenomenon: Negative cash flow is impossible.

Fun things happen when you earn dollars, live on pesos, and compensate in rupees, but that’s just the beginning.

But I’m an Employee! How Does This Help Me?

Nobody can give you freedom. Nobody can give you equality or justice or anything. If you’re a man, you take it.

—MALCOLM X, *Malcolm X Speaks*

Getting a remote personal assistant is a huge departure point and marks the moment that you learn how to give orders and be commander instead of the commanded. It is small-scale training wheels for the most critical of NR skills: remote management and communication.

It is time to learn how to be the boss. It isn’t time-consuming. It’s low-cost and it’s low-risk. Whether or not you “need” someone at this point is immaterial. It is an exercise.

It is also a litmus test for entrepreneurship: Can you manage (direct and chastise) other people? Given the proper instruction and practice, I believe so. Most entrepreneurs fail because they jump into the deep

end of the pool without learning to swim first. Using a virtual assistant (VA) as a simple exercise with no downside, the basics of management are covered in a 2–4-week test costing between \$100–400. This is an investment, not an expense, and the ROI is astounding. It will be repaid in a maximum of 10–14 days, after which it is pure timesaving profit.

Becoming a member of the **NR** is not just about working smarter. It's about building a system to replace yourself.

This is the first exercise.

Even if you have no intention of becoming an entrepreneur, this is the ultimate continuation of our 80/20 and elimination process: Preparing someone to replace you (even if it never happens) will produce an ultrarefined set of rules that will cut remaining fat and redundancy from your schedule. Lingering unimportant tasks will disappear as soon as someone else is being paid to do them.

But what about the cost?

This is a hurdle that is hard for most. If I can do it better than an assistant, why should I pay them at all? *Because the goal is to free your time to focus on bigger and better things.*

This chapter is a low-cost exercise to get you past this lifestyle limiter. It is absolutely necessary that you realize that you can always do something more cheaply yourself. This doesn't mean you want to spend your time doing it. If you spend your time, worth \$20–25 per hour, doing something that someone else will do for \$10 per hour, it's simply a poor use of resources. It is important to take baby steps toward paying others to do work for you. Few do it, which is another reason so few people have their ideal lifestyles.

Even if the cost is occasionally more per hour than you currently earn, the trade is often worth it. Let's assume you make \$50,000 and thus \$25 per hour (working from 9–5, Monday through Friday, for 50 weeks per year). If you pay a top-notch assistant \$30 per hour and he or she saves you one full 8-hour shift per week, your cost (subtracting what you're being paid) is \$40 to free an extra day. Would you pay \$40 per week to work Monday to Thursday? I would, and I do. Keep in mind that this is a worst-case cost scenario.

But what if your boss freaks out?

It's largely a non-issue, and prevention is better than cure. There is no ethical or legal reason for the boss to know if you choose non-sensitive tasks. The first option is to assign personal items. Time is time, and if you're spending time on chores and errands that could be spent better elsewhere, a VA will improve life and the management learning curve is similar. Second, you can delegate business tasks that don't include financial information or identify your company.

Ready to build an army of assistants? Let's first look at the dark side of delegation. A review is in order to prevent abuses of power and wasteful behavior.

Delegation Dangers: Before Getting Started

The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency.

—BILL GATES

Have you ever been given illogical assignments, handed unimportant work, or commanded to do something in the most inefficient fashion possible? Not fun and not productive.

Now it's your turn to show that you know better. Delegation is to be used as a further step in reduction, not as an excuse to create more movement and add the unimportant. Remember—unless something is well-defined and important, no one should do it.

Eliminate before you delegate.

Never automate something that can be eliminated, and never delegate something that can be automated or streamlined. Otherwise, you waste someone else's time instead of your own, which now wastes your hard-earned cash. How's that for incentive to be effective and efficient? Now you're playing with your own dough. It's something I

want you to get comfortable with, and this baby step is small stakes.

Did I mention to eliminate before you delegate?

For example, it is popular among executives to have assistants read e-mail. In some cases this is valuable. In my case, I use spam filters, autoresponders with FAQs, and automatic forwarding to outsourcers to limit my e-mail obligation to 10–20 e-mail responses per week. It takes me 30 minutes per week because I used systems—elimination and automation—to make it so.

Nor do I use an assistant to set meetings and conference calls because I have eliminated meetings. If I need to set the odd 20-minute call for a given month, I'll send one two-sentence e-mail and be done with it.

Principle number one is to refine rules and processes before adding people. Using people to leverage a refined process multiplies production; using people as a solution to a poor process multiplies problems.

The Menu: A World of Possibilities

I am not interested in picking up crumbs of compassion thrown from the table of someone who considers himself my master. I want the full menu of rights.

—BISHOP DESMOND TUTU, South African cleric and activist

The next question then becomes, “What should you delegate?” It’s a good question, but I don’t want to answer it. I want to watch *Family Guy*.

The truth be told, it is a hell of a lot of work writing about not working. Ritika of Brickwork and Venky of YMII are more than capable of writing this section, so I’ll just mention two guidelines and leave the mental hernia of detail work to them.

Golden Rule #1: Each delegated task must be both time-consuming *and well-defined*. If you're running around like a chicken with its head cut off and assign your VA to do that for you, it doesn't improve the order of the universe.

Golden Rule #2: On a lighter note, have some fun with it. Have someone in Bangalore or Shanghai send e-mails to friends as your personal concierge to set lunch dates or similar basics. Harass your boss with odd phone calls in strong accents from unknown numbers. Being effective doesn't mean being serious all the time. It's fun being in control for a change. Get a bit of repression off your chest so it doesn't turn into a complex later.

Getting Personal and Going Howard Hughes

Howard Hughes, the ultrarich filmmaker and eccentric from *The Aviator*, was notorious for assigning odd tasks to his assistants. Here are a few from Donald Bartlett's *Howard Hughes: His Life and Madness* you might want to consider.

1. After his first plane crash, Hughes confided in a friend that he believed his recovery was due to his consumption of orange juice and its healing properties. He believed that exposure to the air diluted the juice's potency, so he demanded that fresh oranges be sliced and juiced in front of him.
2. When Hughes was partaking of the nightlife in Las Vegas, his aides were charged with approaching any girls he took a liking to. If a girl was invited to join the Hughes table and agreed, an aide would pull out a waiver and agreement for her to sign.
3. Hughes had a barber on call 24/7 but had his hair and nails

trimmed about once a year.

4. In his hotel-bound years, Hughes was rumored to have instructed assistants to place a single cheeseburger in a specific tree outside his penthouse room at a 4:00 P.M. each day, whether he was there or not.

Such a world of possibilities! Just as the Model-T brought transportation to the masses, virtual assistants bring eccentric billionaire behavior within reach of each man, woman, and child. Now, that's progress.

Without further ado, let me pass the mic. Note that YMII performs both personal and business tasks, whereas Brickwork focuses solely on business projects. Let's start with the important but dull stuff and move quickly from the sublime to the ridiculous. To give a true taste of what to expect, I have not corrected non-native-sounding English.

Venky: Don't limit yourself. Just ask us if something is possible. We've arranged parties, organized caterers, researched summer courses, cleaned up accounting books, created 3D drafts based on blueprints. Just ask us. We could find the closest kid-friendly restaurant to your house for your son's birthday, finding out costs and organizing the birthday party. This frees up your time to work or hang out with your son.

What can we not do? We can't do anything that would require our physical presence. But you would be surprised as to how small a set of tasks that is in this day and age.

Here are the most common tasks we handle:

► scheduling interviews and meetings ► web-research ► following up on appointments, errands, and tasks ► online purchases ► creation of legal documents ► website maintenance (web design,

publishing, uploading files) that doesn't require a professional designer ▶ monitoring, editing, and publishing comments for online discussions ▶ posting job vacancies on the web ▶ document creation ▶ proofreading and editing documents for spelling and formatting ▶ online research for updating blogs ▶ updating the database for Customer Relationship Management Software ▶ managing recruitment processes ▶ updating invoices and receiving payments ▶ voicemail transcription

Ritika at Brickwork added the following:

▶ market research ▶ financial research ▶ business plans ▶ industry analysis ▶ market assessment reports ▶ preparing presentations ▶ reports and newsletters ▶ legal research ▶ analytics ▶ website development ▶ search engine optimization ▶ maintaining and updating databases ▶ credit scoring ▶ managing procurement processes

Venky: We have a forgetful client who has us call him all the time with various reminders. One of our clients on a custom plan has us wake him up every morning. We've done the legwork and found people who fell out of contact after Katrina. Found jobs for clients! My favorite so far: One of our clients has a pair of trousers that he really likes that aren't in production anymore. He's sending them to Bangalore (from London) to have created exact replicas at a tiny fraction of the price.

Here are a few other YMII custom requests:

- ▶ Reminding an overzealous client to pay his current parking fines, as well as not speed and collect parking fines.
- ▶ Apologizing and sending flowers and cards to spouses of clients.

- ▶ Charting a diet plan, reminding client on it regularly, ordering groceries based on the specific diet plan.
- ▶ Getting a job for a person who lost his job due to outsourcing a year back. We did the job search, did the cover letters, did the resume tuning, and got the client a job in 30 days.
- ▶ Fixing a broken windowpane of a house in Geneva, Switzerland.
- ▶ Collecting homework information from teacher's voicemail and e-mailing it to the client (parents of the kid).
- ▶ Research on how to tie a shoelace meant for a kid (client's son).
- ▶ Find a parking slot for your car in some other city even before you make the trip.
- ▶ Ordered garbage bins for home.
- ▶ Get an authenticated weather forecast and weather report for a particular time in a particular place on a particular day, five years ago. This was to be used as supportive evidence for a lawsuit.
- ▶ Talking to parents in our client's stead.

Here's another real example of personal outsourcing from reader David Cross, who got a personal chef at home for less than \$5 per meal. Just thinking of the possibilities is enough to make you start drooling. He explains:

I wanted to find someone to prepare food I love. I trained as a chef but I am often so busy and as I am the only one in the house who really cooks, I often don't have time to prepare the food that makes me feel the healthiest so I wrote the attached ad and dropped it on Craigslist.

This was a very tight focus—ultraspecific—I had just two applicants in two months—one who was a 2/10 match but the guy we just OK'd was a Hare Krishna follower for many years, lived in India, and his sample menu proved he knew what he's doing so we just started him.

The food is absolutely awesome. The hourly rate is *extremely reasonable,* he's a five-minute detour when either of us are in town to collect food and I now have delicious Indian food for less than \$5 a meal and it's as good as anything I've ever eaten anywhere.

I'm going to progress to other cuisines now... Thai, Italian, Chinese, etc., and it means when I do have time to cook I'll enjoy doing it that much more as I am not the only one cooking!

Indian/Asian Vegetarian Cook Needed

Date: 2007-06-07, 12:25PM PDT

Hello.

We are a local, international family who love Indian and Asian vegetarian food. We are looking for a cook experienced in this wonderful cuisine to prepare delicious, fresh, healthy, authentic

Indian/Asian vegetarian meals for us.

If you've cooked a curry once or twice or need to follow recipes, this position is probably not for you, but if you know Indian vegetarian cooking in depth and can prepare delicious, healthy, fresh, authentic Indian vegetarian food then we'd like to hear from you. This could be an ideal opportunity if you are Indian, Pakistani, Punjabi, etc., and are looking for a great way to apply your experience and love of Indian vegetarian food, cooking and culture. Knowledge of Ayurved and how this relates to food and diet is a plus though not essential.

Please reply with details of your experience and some dishes you could prepare. If we like what you have to offer, we'll arrange for you to cook a sample meal or two which we will pay you for and then we'll see what works out for us all.

This is a part-time position. You will be self-employed and responsible for your own taxes, etc. We'll pay you an hourly rate we will agree with you plus grocery bills for the food you prepare. You can prepare food in your own place and we can arrange to collect it from you, possibly for us to freeze for later eating. We will work with you to come up with menus and schedules that work out for you and us.

Thank you for your interest.

Basic Choices: New Delhi or New York?

There are tens of thousands of VAs—how on earth do you find the right one? The resources at the end of this chapter will show you where to look, but it is overwhelming and confusing unless you have a few criteria determined in advance.

It often helps to begin with the question “Where on Earth?”

Remote or Local?

“Made in the USA” doesn’t have the ring it used to. The pros of jumping time zones and visiting third-world currency are twofold: People work while you sleep, and the per-hour expense is less. Time savings and cost savings. Ritika explains the former with an example.

One can give the remote personal assistant in India their assignment when they are leaving work at the end of the day in New York City, and they will have the presentation ready the next morning. Because of the time difference with India, assistants can work on it while they are asleep and have it back in their morning. When they wake up, they will find the completed summary in their inbox. These assistants can also help them keep pace with what they want to read, for example.

Indian and Chinese VAs, as well as most from other developing countries, will run \$4–15 per hour, the lower end being limited to simple tasks and the higher end including the equivalent of Harvard or Stanford M.B.A.s and Ph.D.s. Need a business plan to raise funding? Brickwork can provide it for between \$2,500–5,000 instead of \$15,000–20,000. Foreign assistance isn’t just for the small time. I know from firsthand discussions that executives from big five accounting and management consulting firms routinely charge clients six figures for research reports that are then farmed to India for low four figures.

In the U.S. or Canada, the per-hour range is often \$25–100. Seems like an obvious choice, right? Bangalore 100%? It’s not. The important metric is cost per completed task, not cost per hour.

The biggest challenge with overseas help will be the language barrier, which often quadruples back-and-forth discussion and the ultimate cost. The first time I hired an Indian VA, I made the fundamental mistake of not setting an hour cap for three simple tasks. I checked in later that week and found he had spent 23 hours chasing

his tail. He had scheduled one tentative interview for the following week, set at the wrong time! Mind boggling. 23 hours? It ended up costing me, at \$10 per hour, \$230. The same tasks, assigned later that week to a native English speaker in Canada, were completed in two hours at \$25 per hour. \$50 for more than four times the results. That said, I later requested another Indian VA from the same firm who was able to duplicate the native speaker results.

How do you know which to choose? That's the beautiful part: You don't. It's a matter of testing a few assistants to both sharpen your communication skills and determine who is worth hiring and who is worth firing. Being a results-based boss isn't as simple as it looks.

There are a number of lessons to be learned here.

First, per-hour cost is not the ultimate determinant of cost. Look at per-task cost. If you need to spend time restating the task and otherwise managing the VA, determine the time required of you and add this (using your per-hour rate from earlier chapters) to the end sticker price of the task. It can be surprising. As cool as it is to say that you have people working for you in three countries, it's uncool to spend time babysitting people who are supposed to make your life easier.

Second, the proof is in the pudding. It is impossible to predict how well you will work with a given VA without a trial. Luckily, there are things you can do to improve your odds, and one of them is using a VA firm instead of a solo operator.

Solo vs. Support Team

Let's suppose you find the perfect VA. He or she is performing all of your noncritical tasks and you've decided to take a much-deserved vacation to Thailand. It's nice to know someone besides you will be manning the wheel and putting out fires for a change. Finally, some relief! Two hours before your flight from Bangkok to Phuket, you receive an e-mail: Your VA is out of commission and will be in the hospital for the next week. Not good. Vacation FUBAR.

I don't like being dependent on one person, and I don't recommend

it in the least. In the world of high technology, this type of dependency would be referred to as a “single point of failure”—one fragile item upon which all else depends. In the world of IT,¹⁵ the term “redundancy” is used as a selling point for systems that continue to function if there is a malfunction or mechanical failure in any given part. In the context of VAs, redundancy entails having fallback support.

I recommend that you hire a VA firm or VAs with backup teams instead of sole operators. Examples abound, of course, of people who have had a single assistant for decades without incident, but I suggest that this is the exception rather than the rule. Better safe than sorry. Besides simple disaster avoidance, a group structure provides a pool of talent that allows you to assign multiple tasks without bothering to find a new person with the qualifications. Brickwork and YMII both exemplify this type of structure and provide a single point of contact, a personal account manager, who then farms out your tasks to the most-capable people in the group and across different shifts. Need graphic design? Covered. Need database management? Covered. I don't like calling and coordinating multiple people. I want one-stop shopping and am willing to pay 10% more to have it. I encourage you to be similarly pound-wise and penny-foolish.

Team preference doesn't mean that bigger is better, just that multiple people are better than one person. The best VA I have used to date is an Indian with five backup assistants under him. Three can be more than sufficient, but two is toeing the line.

The #1 Fear: “Sweetheart, Did You Buy a Porsche in China?”

I'm sure you might have your fears. AJ certainly did:

My outsourcers now know an alarming amount about me—not just my schedule but my cholesterol, my infertility problems, my Social Security number, my passwords (including the one that is a particularly adolescent curse word). Sometimes I worry that I

can't piss off my outsourcers or I'll end up with a \$12,000 charge on my MasterCard bill from the Louis Vuitton in Anantapur.

The good news is that misuse of financial and confidential information is rare. In all of the interviews I conducted for this section, I could find only one case of information abuse, and I had to search long and hard. It involved an overworked U.S.-based VA who hired freelance help at the last moment.

Commit to memory the following—never use the new hire. Prohibit small-operation VAs from subcontracting work to untested freelancers without your written permission. The more established and higher-end firms, Brickwork in the below example, have security measures that border on excessive and make it simple to pinpoint abusers in the case of a breach:

- ▶ Employees undergo background checks and sign NDAs (nondisclosure agreements) in accordance with the company policy of maintaining confidentiality of client information
- ▶ Electronic access card for entry and exit
- ▶ Credit card information keyed only by select supervisors
- ▶ Removal of paper from the offices is prohibited
- ▶ VLAN-based access restrictions between different teams; this ensures that there is no unauthorized access of information between people of different teams in the organization

- ▶ Regular reporting on printer logs
- ▶ Floppy drives and USB ports disabled
- ▶ BS779 certification for accomplished international security standards
- ▶ 128-bit encryption technology for all data exchange
- ▶ Secure VPN connection

I bet there is a fair chance that sensitive data is 100 times safer with Brickwork than on your own computer.

Still, information theft is best thought of as inevitable in a digital world, and precautions should be taken with damage control in mind. There are two rules that I use to minimize damage and allow for fast repair.

1. Never use debit cards for online transactions or with remote assistants. Reversing unauthorized credit card charges, particularly with American Express, is painless and near instantaneous. Recovering funds withdrawn from your checking account via unauthorized debit card use takes dozens of hours in paperwork alone and can take months to receive, if approved at all.
2. If your VA will be accessing websites on your behalf, create a new unique login and password to be used on those sites. Most of us reuse both logins and passwords on multiple sites, and taking this precaution limits possible damage. Instruct them to use these unique logins to create accounts on new sites if needed. Note that this is particularly important when using assistants who have access to live commercial websites (developers, programmers, etc.).

If information or identity theft hasn't hit you, it will. Use these guidelines and you'll realize when it happens that, just like most nightmares, it's not that big a deal and is reversible.

The Complicated Art of Simplicity: Common Complaints

My assistant is an idiot! It took him 23 hours to book an interview! This was the first complaint I had, for sure. 23 hours! I was heated up for a shouting match. My original e-mail to this first assistant seemed clear enough.

Dear Abdul,

Here are the first tasks, due at the end of next Tuesday. Please call or e-mail with any questions:

1. Go to this article <http://www.msnbc.msn.com/id/12666060/site/newsweek/>, get the phone/e-mail/website contacts for Carol Milligan and Marc and Julie Szekely. Also find the same info for Rob Long here

<http://www.msnbc.msn.com/id/12652789/site/newsweek/>.

2. Schedule 30-minute interviews for Carol, Marc/Julie, and Rob. Use www.myevents.com (username: notreal, password: donttryit) to book them in my calendar for next week any time between 9–9 ET.

3. Find the name, e-mail, and phone (phone is least important) of workers in the U.S. who have negotiated remote work agreements (telecommuting) despite resistant bosses. Those who have traveled outside the U.S. are ideal. Other keywords could include “teleworking” and “telecommuting.” The important factor is that they negotiated with difficult bosses. Please send me links to their profiles or write a paragraph describing why they fit the profile above.

Look forward to seeing what you can do. Please e-mail if you

don't understand or have questions.

Best,
Tim

The truth is—I was at fault. This is not a good debut demand, and I made fatal mistakes even before composing it. If you are an effective person but unaccustomed to issuing commands, assume that most problems at the outset are your fault. It is tempting to immediately point the finger at someone else and huff and puff, but most beginner bosses repeat the same mistakes I made.

1. I accepted the first person the firm provided and made no special requests at the outset.

Request someone who has “excellent” English and indicate that phone calls will be required (even if not). Be fast to request a replacement if there are repeated communication issues.

2. I gave imprecise directions.

I asked him to schedule interviews but didn't indicate that it was for an article. He assumed, based on work with previous clients, that I wanted to hire someone and he misspent time compiling spreadsheets and combing online job sites for additional information I didn't need.

Sentences should have one possible interpretation and be suitable for a 2nd-grade reading level. This goes for native speakers as well and will make requests clearer. Ten-dollar words disguise imprecision.

Note that I asked him to respond *if* he didn't understand or had questions. This is the wrong approach. Ask foreign VAs to rephrase tasks to confirm understanding before getting started.

3. I gave him a license to waste time.

This brings us again to damage control. Request a status update after a few hours of work on a task to ensure that the task is both

understood and achievable. Some tasks are, after initial attempts, impossible.

4. I set the deadline a week in advance.

Use Parkinson's Law and assign tasks that are to be completed within no more than 72 hours. I have had the best luck with 48 and 24 hours. This is another compelling reason to use a small group (three or more) rather than a single individual who can become overtaxed with last-minute requests from multiple clients. Using short deadlines does not mean avoiding larger tasks (e.g., business plan), but rather breaking them into smaller milestones that can be completed in shorter time frames (outline, competitive research summaries, chapters, etc.).

5. I gave him too many tasks and didn't set an order of importance.

I advise sending one task at a time whenever possible and no more than two. If you want to cause your computer to hang or crash, open 20 windows and applications at the same time. If you want to do the same to your assistant, assign him or her a dozen tasks without prioritizing them. Recall our mantra: Eliminate before you delegate.

WHAT DOES A good VA task e-mail look like? The following example was recently sent to an Indian VA whose results have been nothing short of spectacular:

Dear Sowmya,

Thank you. I would like to start with the following task.

TASK: I need to find the names and e-mails of editors of men's magazines in the US (for example: maxim, stuff, GQ, esquire, blender, etc.) who also have written books. An example of such a person would be AJ Jacobs who is Editor-at-Large of Esquire (www.ajjacobs.com). I already have his information

and need more like him.

Can you do this? If not, please advise. **Please reply and confirm what you will plan to do to complete this task.**

DEADLINE: Since I'm in a rush, get started after your next e-mail and stop at 3 hours and tell me what results you have. Please begin this task now if possible. The deadline for these 3 hours and reported results is end-of-day ET Monday.

Thank you for your fastest reply,

Tim

Short, sweet, and to the point. Clear writing, and therefore clear commands, come from clear thinking. Think simple.

...

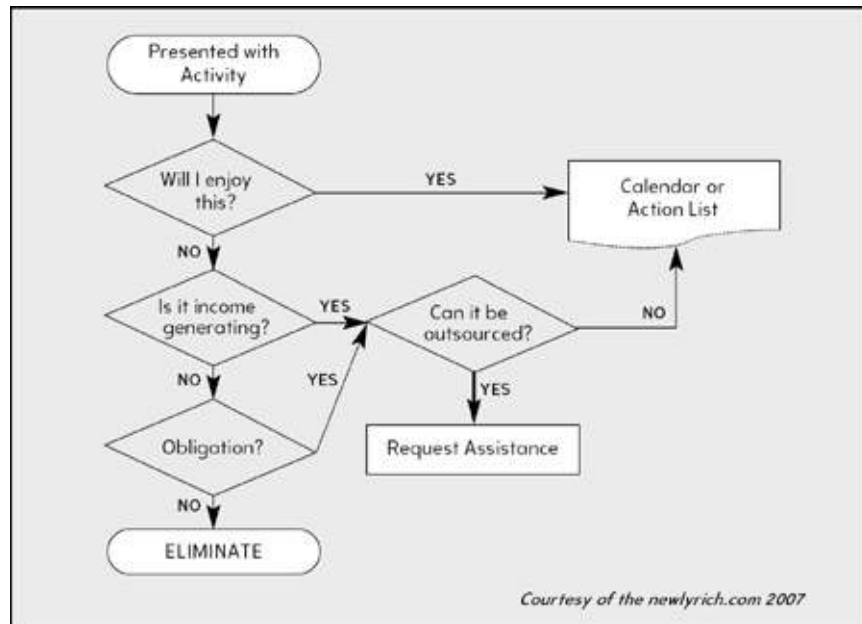
IN THE NEXT several chapters, the communication skills you develop with our virtual assistant experiment will be applied to a much larger and obscenely profitable playing field: automation. The extent to which you will outsource next makes delegation look like finger painting.

In the world of automation, not all business models are created equal. How do you assemble a business and coordinate all its parts without lifting a finger? How do you automate cash deposits in your bank account while avoiding the most common problems? It begins with understanding the options, the art of dodging information flow, and what we will call "muses."

The next chapter is a blueprint for the first step: a product.

Go with the Flow

Here is a flowchart of 4HWW from reader Jed Wood, who has used it for faster decision making, more output with less input, and more time with his wife and children.



► Q&A: QUESTIONS AND ACTIONS

1. Get an assistant—even if you don’t need one.

Develop the comfort of commanding and not being commanded. Begin with a one-time test project or small repetitive task (daily preferred). I advise using domestic help for language-intensive tasks and using foreign assistants in the early stages to improve the general clarity of your communication. Pick one from each group and get started.

The following sites, split up geographically, are useful resources.

U.S. and Canada (\$20/hour +)

<http://www.iavoa.com> (International Association of Virtual Office Assistants). Global directory that includes the U.S.

<http://www.cvac.ca> (Canadian Virtual Assistant Connection)

<http://www.canadianva.net/files/va-locator.html> (Canada)

www.onlinebusinessmanager.com

North America and International (\$4/hour +)

www.elance.com (Search “virtual assistants,” “personal assistants,” and “executive assistants.”) The client feedback

reviews on Elance enabled me to find my best VA to date, who costs \$4/hour. Similar marketplaces with positive reviews include www.guru.com and www.rentacoder.com.

India

www.tryasksunday.com (\$20–60 per month for 24/7 concierge, free one-week trial). AskSunday is one of the sophisticated new kids on the personal outsourcing block. Their site was nominated the #2 website of the year in 2007 by *Time* magazine. Just dial a 212 (NYC) area code and get routed to well-spoken assistants in India and the Philippines. I use this service 80% of the time, as most tasks take less than 10 minutes to complete. For longer projects, there are teams available for \$12/hour.

www.b2kcorp.com (\$15/hour+) From Fortune 10 oil companies and Fortune 500 clients to Big 5 accounting firms and U.S. congressmen, Brickwork can handle it all. This is reflected in the costs of this pure suit-and-tie operation—business only. No flowers for auntie.

www.taskseveryday.com (\$6.98/hour for a dedicated virtual assistant) Based in Mumbai, available via phone and e-mail from the U.S., UK, and Australia. Must choose between 20 or 40 hours per week and pre-purchase hours.

www.yourmaninindia.com (\$6.25/hour+) YMII handles both business and personal tasks and can work with you in real time (there are people on duty 24/7) and complete work while you sleep. English capability and effectiveness vary tremendously across VAs, so interview yours before getting started or assigning important tasks. Important: Following the publication of the first edition of this book, there have been some complaints of lower quality and up to four-week wait lists to become a client.

2. Start small but think big.

Tina Forsyth, an online business manager (higher-level VA) who helps six-figure-income clients achieve seven figures with business model redesigns, makes the following recommendations.

- ▶ Look at your to-do list—what has been sitting on it the longest?
- ▶ Each time you are interrupted or change tasks, ask, “Could a VA do this?”
- ▶ Examine pain points—what causes you the most frustration and boredom?

Here are a few common time-consumers in small businesses with online presences.

- ▶ Submitting articles to drive traffic to site and build mailing lists
- ▶ Participating in or moderating discussion forums and message boards
- ▶ Managing affiliate programs
- ▶ Creating content for and publishing newsletters and blog postings
- ▶ Background research components of new marketing initiatives or analysis of current marketing results

Don't expect miracles from a single VA, but don't expect too little, either. Let go of the controls a bit. Don't assign crap tasks that end up

consuming rather than saving time. It makes little sense to spend 10–15 minutes sending an e-mail to India to get a price quote on a plane ticket when you could do the same online in 10 minutes and avoid all the subsequent back-and-forth.

Push outside your comfort zone—that is the entire point of the exercise.

It is always possible to reclaim a task for yourself if the VA proves incapable, so test the limits of their capabilities. Remember Brickwork's suggestion: Don't limit yourself.

3. Identify your top five time-consuming non-work tasks and five personal tasks you could assign for sheer fun.

4. Keep in sync: scheduling and calendars.

If you decide to have an assistant schedule appointments and add things to your calendar, it will be important to ensure what you both see is updated. There are several options:

BusySync (www.busysync.com) I have two Gmail accounts: one private account for me and one for my assistant, where general e-mail is sent. I use BusySync to synchronize her Google Calendar with iCal (Mac calendar) on my laptop. I have also used **SpanningSync** (www.spanningsync.com) successfully for the same purpose.

WebEx Office (www.weboffice.com) Share your calendar online while masking personal appointments. Can be synchronized with Outlook, and also offers document sharing and other assistant- or team-friendly features. I suggest you compare this to synchronizing your Outlook with an assistant's Google Calendar.

► COMFORT CHALLENGE

Use the Criticism Sandwich (2 Days and Weekly)

Chances are good that someone—be it a co-worker, boss, customer, or significant other—does something irritating or at a subpar level. Rather than avoid the topic out of fear of confrontation, let's chocolate-coat it and ask them to fix it. Once per day for two days,

and then each Thursday (M-W is too tense and Friday is too relaxed) for the next three weeks, resolve to use what I call the Criticism Sandwich with someone. It's called the Criticism Sandwich because you first *praise* the person for something, then *deliver the criticism*, and then close with topic-shifting *praise* to exit the sensitive topic. Here's an example with a superior or boss, with keywords and phrases in italics.

You: Hi, Mara. Do you have a second?

Mara: Sure. What's up?

You: *First, I wanted to thank you for helping me with the Meelie Worm account [or whatever]. I really appreciate you showing me how to handle that. You're really good at fixing the technical issues.*

Mara: No problem.

You: *Here's the thing.¹⁶ There is a lot of work coming down on everyone, and I'm feeling¹⁷ a bit overwhelmed. Normally, priorities are really clear to me¹⁸ but I've been having trouble recently figuring out which tasks are highest on the list. Could you help me by pointing out the most important items when a handful need to be done? I'm sure it's just me,¹⁹ but I'd really appreciate it, and I think it would help.*

Mara: Uhh ... I'll see what I can do.

You: *That means a lot to me. Thanks. Before I forget,²⁰ last week's presentation was excellent.*

Mara: Did you think so? Blah, blah, blah ...

► LIFESTYLE DESIGN IN ACTION

THE BEST TIMES TO SEND E-MAIL

You've suggested people check e-mail only a few times a day. Here's a twist: I reply to e-mails when it's convenient, but I time it to arrive when it's also convenient for me. In Outlook you can delay e-mail delivery to any time of day. For example, when I

return e-mails at 3 p.m., I don't want my staff instantly zinging me responses or clarifying questions. (This also prevents e-mail chats.) So I hit send, but it's delayed to arrive later in the evening or at 8 A.M. when my employees arrive the next day. This is how e-mail was meant to be! It's mail, not a chat service.

—*JIM LARRANAGA*

14. To leverage global pricing and currency differences for profit or lifestyle purposes.
15. Information technology.
16. Don't call it a problem if you can avoid it.
17. No one can argue with your feelings, so use this to avoid a debate about external circumstances.
18. Notice how I take "you" out of the sentence to avoid finger-pointing, even though it's implicit. "Normally, you make priorities clear" sounds like a backhanded insult. If this is a significant other, you can skip this formality, but never use "you always do X," which is just a fight starter.
19. Take a little bit of the heat off with this. The point has already been made.
20. "Before I forget" is a great segue to the closing compliment, which is also a topic shifter and gets you off the sensitive topic without awkwardness.

Income Autopilot I

► FINDING THE MUSE

Just set it and forget it!

—RON POPEIL, founder of RONCO; responsible for more than \$1 billion in sales of rotisserie chicken roasters

As to methods there may be a million and then some, but principles are few. The man who grasps principles can successfully select his own methods. The man who tries methods, ignoring principles, is sure to have trouble.

—RALPH WALDO EMERSON

The Renaissance Minimalist

Douglas Price was waking up to another beautiful summer morning in his Brooklyn brownstone. First things first: coffee. The jet lag was minor, considering he had just returned from a two-week jaunt through the islands of Croatia. It was just one of six countries he had visited in the last 12 months. Japan was next on the agenda.

Buzzing with a smile and his coffee mug in hand, he ambled over to his Mac to check on personal e-mail first. There were 32 messages and all brought good news.

One of his friends and business partners, also a cofounder of Limewire, had an update: Last Bamboo, their start-up poised to

reinvent peer-to-peer technology, was rounding the final corners of development. It could be their billion-dollar baby, but Doug was letting the engineers run wild first.

Samson Projects, one of the hottest contemporary art galleries in Boston, had compliments for Doug's latest work and requests for expanded involvement with new exhibits as their sound curator.

The last e-mail in his inbox was a fan letter addressed to "Demon Doc" and praise for his latest instrumental hip-hop album, *onliness VI.O.I.* Doug had released his album as what he termed "open source music"—anyone could download the album for free and use sounds from any track in his or her own compositions.

He smiled again, polished off his dark roast, and opened a window to deal with business e-mail next. It would take much less time. In fact, less than 30 minutes for the day and 2 hours for the week.

How much things change.

Two years earlier, in June of 2004, I was in Doug's apartment checking e-mail for what I hoped would be the last time for a long time. I was headed to JFK Airport in New York in a matter of hours and was preparing for an indefinite quest around the world. Doug looked on with amusement. He had similar plans for himself and was finally extricating himself from a venture-funded Internet startup that had once been a cover story and his passion but was now just a job. The euphoria of the dot-com era was long dead, along with most chances for a sale or an IPO.

He bid me farewell and made a decision as the taxi pulled from the curb—enough of the complicated stuff. It was time to return to basics.

Prosoundeffects.com, launched in January of 2005 after one week of sales testing on eBay, was designed to do one thing: give Doug lots of cash with minimal time investment.

This brings us back to his business inbox in 2006.

There are 10 orders for sound libraries, CDs that film producers, musicians, video game designers, and other audio professionals use to add hard-to-find sounds—whether the purr of a lemur or an exotic instrument—to their own creations. These are Doug's products, but he

doesn't own them, as that would require physical inventory and upfront cash. His business model is more elegant than that. Here is just one revenue stream:

1. A prospective customer sees his Pay-Per-Click (PPC) advertising on Google or other search engines and clicks through to his site, www.prosoundeffects.com.
2. The prospect orders a product for \$325 (the average purchase price, though prices range from \$29–7,500) on a Yahoo shopping cart, and a PDF with all their billing and shipping information is automatically e-mailed to Doug.
3. Three times a week, Doug presses a single button in the Yahoo management page to charge all his customers' credit cards and put cash in his bank account. Then he saves the PDFs as Excel purchase orders and e-mails the purchase orders to the manufacturers of the CD libraries. Those companies mail the products to Doug's customers—this is called drop-shipping—and Doug pays the manufacturers as little as 45% of the retail price of the products up to 90 days later (net-90 terms).

Let's look at the mathematical beauty of his system for full effect.

For each \$325 order at his cost of 55% off retail, Doug is entitled to \$178.75. If we subtract 1% of the full retail price (1% of \$325 = \$3.25) for the Yahoo Store transaction fee and 2.5% for the credit card processing fee (2.5% of \$325 = \$8.13), Doug is left with a pretax profit of \$167.38 for this one sale.

Multiply this by 10 and we have \$1673.80 in profit for 30 minutes of work. Doug is making \$3,347.60 per hour and purchases no product in advance. His initial start-up costs were \$1,200 for the webpage design, which he recouped in the first week. His PPC advertising costs approximately \$700 per month and he pays Yahoo \$99 per month for their hosting and shopping cart.

He works less than two hours a week, often pulls more than \$10,000 per month, and there is no financial risk whatsoever.

Now Doug spends his time making music, traveling, and exploring

new businesses for excitement. Prosoundeffects.com is not his end-all-be-all, but it has removed all financial concerns and freed his mind to focus on other things.

What would you do if you didn't have to think about money? If you follow the advice in this chapter, you will soon have to answer this question.

It's time to find your muse.

THERE ARE A million and one ways to make a million dollars. From franchising to freelance consulting, the list is endless. Fortunately, most of them are unsuited to our purpose. This chapter is not for people who want to *run* businesses but for those who want to *own* businesses and spend no time on them.

The response I get when I introduce this concept is more or less universal: Huh?

People can't believe that most of the ultrasuccessful companies in the world do not manufacture their own products, answer their own phones, ship their own products, or service their own customers. There are hundreds of companies that exist to pretend to work for someone else and handle these functions, providing rentable infrastructure to anyone who knows where to find them.

Think Microsoft manufactures the Xbox 360 or that Kodak designs and distributes their digital cameras? Guess again. Flextronics, a Singapore-based engineering and manufacturing firm with locations in 30 countries and \$15.3 billion in annual revenue, does both. Most popular brands of mountain bikes in the U.S. are all manufactured in the same three or four plants in China. Dozens of call centers press one button to answer calls for the JC Penneys of the world, another to answer calls for the Dell Computers of the world, and yet another to answer calls for the New Rich like me.

It's all beautifully transparent and cheap.

Before we create this virtual architecture, however, we need a *product* to sell. If you own a service business, this section will help you convert expertise into a downloadable or shippable good to escape the

limits of a per-hour-based model. If starting from scratch, ignore service businesses for now, as constant customer contact makes absence difficult.²¹

To narrow the field further, our target product can't take more than \$500 to test, it has to lend itself to automation *within four weeks*, and—when up and running—it can't require more than *one day per week* of management.

Can a business be used to change the world, like The Body Shop or Patagonia? Yes, but that isn't our goal here.

Can a business be used to cash out through an IPO or sale? Yes, but that isn't our goal either.

Our goal is simple: to create an automated vehicle for generating cash without consuming time. That's it.²² I will call this vehicle a "muse" whenever possible to separate it from the ambiguous term "business," which can refer to a lemonade stand or a Fortune 10 oil conglomerate—our objective is more limited and thus requires a more precise label.

So first things first: cash flow and time. With these two currencies, all other things are possible. Without them, nothing is possible.

Why to Begin with the End in Mind: A Cautionary Tale

Sarah is excited.

It has been two weeks since her line of humorous T-shirts for golfers went online, and she is averaging 5 T-shirt sales per day at \$15 each. Her cost per unit is \$5, so she is grossing \$50 in profit (minus 3% in credit card fees) per 24 hours, as she passes shipping and handling on to customers. She should soon recoup the cost of her initial order of 300 shirts (including plate charges, setup, etc.)—but wants to earn more.

It's a nice reversal of fortune, considering the fate of her first product. She had spent \$12,000 to develop, patent, and manufacture a

high-tech stroller for new moms (she has never been a new mom), only to find that no one was interested.

The T-shirts, in contrast, were actually selling, but sales were beginning to slow.

It appears she has reached her online sales ceiling, as well-funded and uneducated competitors are now spending too much for advertising and driving up costs. Then it strikes her—retail!

Sarah approaches the manager of her local golf shop, Bill, who immediately expresses interest in carrying the shirts. She's thrilled.

Bill asks for the customary 40% minimum discount for wholesale pricing. This means her sell price is now \$9 instead of \$15 and her profit has dropped from \$10 to \$4. Sarah decides to give it a shot and does the same with three other stores in surrounding towns. The shirts begin to move off the shelves, but she soon realizes that her small profit is being eaten by extra hours she spends handling invoices and additional administration.

She decides to approach a distributor²³ to alleviate this labor, a company that acts as a shipping warehouse and sells products from various manufacturers to golf stores nationwide. The distributor is interested and asks for its usual pricing—70% off of retail or \$4.50—which would leave Sarah 50 cents in the hole on each unit. She declines.

To make matters worse, the four local stores have already started discounting her shirts to compete among one another and are killing their own profit margins. Two weeks later, reorders disappear. Sarah abandons retail and returns to her website demoralized. Sales online have dropped to almost nothing with new competition. She has not recouped her initial investment, and she still has 50 shirts in her garage.

Not good.

It all could have been prevented with proper testing and planning.

ED “MR. CREATINE” BYRD is no Sarah. He does not invest and hope for the best.

His San Francisco–based company, MRI, had the top-selling sports supplement in the U.S. from 2002–2005, NO₂. It is still a top-seller despite dozens of imitators. He did it through smart testing, smart positioning, and brilliant distribution.

Prior to manufacturing, MRI first offered a low-priced book related to the product through ¼-page advertisements in men’s health magazines. Once the need had been confirmed with a mountain of book orders, NO₂ was priced at an outrageous \$79.95, positioned as the premium product on the market, and sold exclusively through GNC stores nationwide. No one else was permitted to sell it.

How can it make sense to turn away business? There are a few good reasons.

First, the more competing resellers there are, the faster your product goes extinct. This was one of Sarah’s mistakes.

It works like this: Reseller A sells the product for your recommended advertised price of \$50, then reseller B sells it for \$45 to compete with A, and then C sells it for \$40 to compete with A and B. In no time at all, no one is making profit from selling your product and reorders disappear. Customers are now accustomed to the lower pricing and the process is irreversible. The product is dead and you need to create a new product. This is precisely the reason why so many companies need to create new product after new product month after month. It’s a headache.

I had one single supplement, BrainQUICKEN® (also sold as BodyQUICK®) for six years and maintained a consistent profit margin by limiting wholesale distribution, particularly online, to the top one or two largest resellers who could move serious quantities of product and who agreed to maintain a minimum advertised pricing.²⁴ Otherwise, rogue discounters on eBay and mom-and-pop independents will drive you broke.

Second, if you offer someone exclusivity, which most manufacturers try to avoid, it can work in your favor. Since you are offering one company 100% of the distribution, it is possible to negotiate better profit margins (offering less of a discount off of retail price), better marketing support in-store, faster payment, and other preferential

treatment.

It is critical that you decide how you will sell and distribute your product before you commit to a product in the first place. The more middlemen are involved, the higher your margins must be to maintain profitability for all the links in the chain.

Ed Byrd realized this and exemplifies how doing the opposite of what most do can reduce risk and increase profit. Choosing distribution before product is just one example.

Ed drives a Lamborghini down the California coast when not traveling or in the office with his small focused staff and his two Australian shepherds. This outcome is not accidental. His product-creation methods—and those of the New Rich in general—can be emulated.

Here's how you do it in the fewest number of steps.

Step One: Pick an Affordably Reachable Niche Market

When I was younger ... I [didn't] want to be pigeonholed ... Basically, now you want to be pigeonholed. It's your niche.

—JOAN CHEN, actress; appeared in *The Last Emperor* and *Twin Peaks*

Creating demand is hard. Filling demand is much easier. Don't create a product, then seek someone to sell it to. Find a market—define your customers—then find or develop a product for them.

I have been a student and an athlete, so I developed products for those markets, focusing on the male demographic whenever possible. The audiobook I created for college guidance counselors failed because I have never been a guidance counselor. I developed the subsequent speed-reading seminar after realizing that I had free access to students, and the business succeeded because—being a student

myself—I understood their needs and spending habits. Be a member of your target market and don't speculate what others need or will be willing to buy.

Start Small, Think Big

Some people are just into lavish dwarf entertainment.

—DANNY BLACK (42"), part-owner of Shortdwarf.com²⁵

Danny Black rents dwarfs as entertainment for \$149 per hour. How is that for a niche market?

It is said that if everyone is your customer, then no one is your customer. If you start off aiming to sell a product to dog- or car-lovers, stop. It's expensive to advertise to such a broad market, and you are competing with too many products and too much free information. If you focus on how to train German shepherds or a restoration product for antique Fords, on the other hand, the market and competition shrink, making it less expensive to reach your customers and easier to charge premium pricing.

BrainQUICKEN was initially designed for students, but the market proved too scattered and difficult to reach. Based on positive feedback from student-athletes, I relaunched the product as BodyQUICK and tested advertising in magazines specific to martial artists and powerlifters. These are minuscule markets compared to the massive student market, but not small. Low media cost and lack of competition enabled me to dominate with the first “neural accelerator”²⁶ in these niches. It is more profitable to be a big fish in a small pond than a small undefined fish in a big pond. How do you know if it's big enough to meet your TMI? For a detailed real-life example of how I determined the market size of a recent product, see “Muse Math” on this book's companion site.

Ask yourself the following questions to find profitable niches.

- 1. Which social, industry, and professional groups do you**

belong to, have you belonged to, or do you understand, whether dentists, engineers, rock climbers, recreational cyclists, car restoration aficionados, dancers, or other?

Look creatively at your resume, work experience, physical habits, and hobbies and compile a list of all the groups, past and present, that you can associate yourself with. Look at products and books you own, include online and offline subscriptions, and ask yourself, “What groups of people purchase the same?” Which magazines, websites, and newsletters do you read on a regular basis?

2. Which of the groups you identified have their own magazines?

Visit a large bookstore such as Barnes & Noble and browse the magazine rack for smaller specialty magazines to brainstorm additional niches. There are literally thousands of occupation- and interest/hobby-specific magazines to choose from. Use *Writer’s Market* to identify magazine options outside the bookstores. Narrow the groups from question 1 above to those that are reachable through one or two small magazines. It’s not important that these groups all have a lot of money (e.g., golfers)—only that they spend money (amateur athletes, bass fishermen, etc.) on products of some type. Call these magazines, speak to the advertising directors, and tell them that you are considering advertising; ask them to e-mail their current advertising rate card and include both readership numbers and magazine back-issue samples. Search the back issues for repeat advertisers who sell direct-to-consumer via 800 numbers or websites—the more repeat advertisers, and the more frequent their ads, the more profitable a magazine is for them ... and will be for us.

Step Two: Brainstorm (Do Not Invest In) Products

Genius is only a superior power of seeing.

—JOHN RUSKIN, famed art and social critic

Pick the two markets that you are most familiar with that have their own magazines with full-page advertising that costs less than \$5,000. There should be no fewer than 15,000 readers.

This is the fun part. Now we get to brainstorm or find products with these two markets in mind.

The goal is come up with well-formed product ideas and spend nothing; in Step 3, we will create advertising for them and test responses from real customers before investing in manufacturing. There are several criteria that ensure the end product will fit into an automated architecture.

The Main Benefit Should Be Encapsulated in One Sentence.

People can dislike you—and you often sell more by offending some—but they should never misunderstand you.

The main benefit of your product should be explainable in one sentence or phrase. How is it different and why should I buy it? ONE sentence or phrase, folks. Apple did an excellent job of this with the iPod. Instead of using the usual industry jargon with GB, bandwidth, and so forth, they simply said, “1,000 songs in your pocket.” Done deal. Keep it simple and do not move ahead with a product until you can do this without confusing people.

It Should Cost the Customer \$50–200.

The bulk of companies set prices in the midrange, and that is where the most competition is. Pricing low is shortsighted, because someone else is always willing to sacrifice more profit margin and drive you both bankrupt. Besides perceived value, there are three main benefits to creating a premium, high-end image and charging more than the competition.

1. Higher pricing means that we can sell fewer units—and thus

manage fewer customers—and fulfill our dreamlines. It's faster.

2. Higher pricing attracts lower-maintenance customers (better credit, fewer complaints/questions, fewer returns, etc.). It's less headache. This is HUGE.
3. Higher pricing also creates higher profit margins. It's safer.

I personally aim for an *8–10x markup*, which means a \$100 product can't cost me more than \$10–12.50.²⁷ If I had used the commonly recommended 5 x markup with BrainQUICKEN, it would have gone bankrupt within 6 months due to a dishonest supplier and late magazine. The profit margin saved it, and within 12 months it was generating up to \$80,000 per month.

High has its limits, however. If the per-unit price is above a certain point, prospects need to speak to someone on the phone before they are comfortable enough to make the purchase. This is contraindicated on our low-information diet.

I have found that a price range of \$50–200 per sale provides the most profit for the least customer service hassle. Price high and then justify.

It Should Take No More Than 3 to 4 Weeks to Manufacture.

This is critically important for keeping costs low and adapting to sales demand without stockpiling product in advance. I will not pursue any product that takes more than three to four weeks to manufacture, and I recommend aiming for one to two weeks from order placement to shippable product.

How do you know how long something takes to manufacture?

Contact contract manufacturers who specialize in the type of products you're considering: <http://www.thomasnet.com/>. Call a related manufacturer (e.g., toilet bowls) if you need a referral to a related manufacturer you cannot find (e.g., toilet cleaning solutions). Still no luck? Google different synonyms for your product in combination with “organization” and “association” to contact the appropriate industry organizations. Ask them for referrals to contract

manufacturers and for the names of their trade magazines, which often contain advertisements for contract manufacturers and related service providers we'll need for your virtual architecture later. Request pricing from the contract manufacturers to ensure the proper markup is possible. Determine the per-unit costs of production for 100, 500, 1,000, and 5,000 units.

It Should Be Fully Explainable in a Good Online FAQ.

Here is where I really screwed up in my product choice with Brain-QUICKEN.

Even though ingestibles have enabled my NR life, I would not wish them on anyone. Why not? You get 1,000 questions from every customer: Can I eat bananas with your product? Will it make me fart during dinner? On and on, ad nauseam. Choose a product that you can fully explain in a good online FAQ. If not, the task of travelling and otherwise forgetting about work becomes very difficult or you end up spending a fortune on call center operators.

Understanding these criteria, a question remains: "How does one obtain a good muse product that satisfies them?" There are three options we'll cover in ascending order of recommendation.

Option One: Resell a Product

Purchasing an existing product at wholesale and reselling it is the easiest route but also the least profitable. It is the fastest to set up but the fastest to die off due to price competition with other resellers. The profitable life span of each product is short unless an exclusivity agreement prevents others from selling it. Reselling is, however, an excellent option for secondary back-end²⁸ products that can be sold to existing customers or cross-sold²⁹ to new customers online or on the phone.

To purchase at wholesale, use these steps.

1. Contact the manufacturer and request a “wholesale pricelist” (generally 40% off retail) and terms.
2. If a business tax ID number is needed, print out the proper forms from your state’s Secretary of State website and file for an LLC (which I prefer) or similar protective business structure for \$100–200.

Do NOT purchase product until you have completed Step 3 in the next chapter. It is enough at this point to confirm the profit margin and have product photos and sales literature.

That’s reselling. Not much more to it.

Option Two: License a Product

I not only use all the brains that I have, but all that I can borrow.

—WOODROW WILSON

Some of the world’s best-known brands and products have been borrowed from someone or somewhere else.

The basis for the energy drink Red Bull came from a tonic in Thailand, and the Smurfs were brought from Belgium. Pokémon came from the land of Honda. The band KISS made millions in record and concert sales, but the real profit has been in licensing—granting others the right to produce hundreds of products with their name and image in exchange for a percentage of sales.

There are two parties involved in a licensing deal, and a member of the New Rich could be either. First, there is the inventor of the product,³⁰ called the “licensor,” who can sell others the right to manufacture, use, or sell his or her product, usually for 3–10% of the wholesale price (usually around 40% off retail) for each unit sold. Invent, let someone else do the rest, and cash checks. Not a bad model.

The other side of the equation is the person interested in

manufacturing and selling the inventor's product for 90–97% of the profit: the licensee. This is, for me and most NR, more interesting.

Licensing is, however, dealmaking-intensive on both sides and a science unto itself. Creative contract negotiation is essential and most readers will run into problems if it's their first product. For real-world case studies on both sides, ranging from Teddy Ruxpin to Tae-Bo, and full agreements with actual dollar amounts, visit www.fourhourblog.com. From how to sell inventions without prototypes or patents to how to secure rights to products as a no-name beginner, it's all there. The economics are fascinating and the profits can be astounding.

In the meantime, we will focus on the least complicated and most profitable option open to the most people: product creation.

Option Three: Create a Product

Creation is a better means of self-expression than possession; it is through creating, not possessing, that life is revealed.

—VIDA D. SCUDDER, *The Life of the Spirit in the Modern English Poets*

Creating a product is not complicated. “Create” sounds more involved than it actually is. If the idea is a hard product—an invention—it is possible to hire mechanical engineers or industrial designers on www.elance.com to develop a prototype based on your description of its function and appearance, which is then taken to a contract manufacturer. If you find a generic or stock product made by a contract manufacturer that can be re-purposed or positioned for a special market, it's even easier: Have them manufacture it, stick a custom label on it for you, and presto—new product. This latter example is often referred to as “private labeling.” Have you ever seen a massage therapist's office with its own line of vitamin products or the Kirkland brand at Costco? Private labeling in action.

It is true that we'll be testing market response without manufacturing, but if the test is successful, manufacturing is the next step. This means we need to keep in mind setup costs, per-unit costs, and order minimums. Innovative gadgets and devices are great but often require special tooling, which makes the manufacturing start-up costs too expensive to meet our criteria.

Putting mechanical devices aside and forgetting about welding and engineering, there is one class of product that meets all of our criteria, has a manufacturing lead time of less than a week in small quantities, and often permits not just an 8–10 x markup, but a 20–50 x markup.

No, not heroin or slave labor. Too much bribing and human interaction required.

Information.

Information products are low-cost, fast to manufacture, and time-consuming for competitors to duplicate. Consider that the top-selling non-information infomercial products—whether exercise equipment or supplements—have a useful life span of two to four months before imitators flood the market. I studied economics in Beijing for six months and observed firsthand how the latest Nike sneaker or Callaway golf club could be duplicated and on eBay within a week of first appearing on shelves in the U.S. This is not an exaggeration, and I am not talking about a look-alike product—I mean an exact duplicate for 1/20 the cost.

Information, on the other hand, is too time-consuming for most knockoff artists to bother with when there are easier products to replicate. It's easier to circumvent a patent than to paraphrase an entire course to avoid copyright infringement. Three of the most successful television products of all time—all of which have spent more than 300 weeks on the infomercial top-10 bestseller lists—reflect the competitive and profit margin advantage of information products.

No Down Payment (Carlton Sheets)

Attacking Anxiety and Depression (Lucinda Bassett)

Personal Power (Tony Robbins)

I know from conversations with the principal owners of one of the above products that more than \$65 million worth of information moved through their doors in 2002. Their infrastructure consisted of fewer than 25 in-house operators, and the rest of the infrastructure, ranging from media purchasing to shipping, was outsourced.

Their annual revenue-per-employee is more than \$2.7 million. Incredible.

On the opposite end of the market size spectrum, I know a man who created a low-budget how-to DVD for less than \$200 and sold it to owners of storage facilities who wanted to install security systems. It's hard to get more niche than that. In 2001, selling DVDs that cost \$2 to duplicate for \$95 apiece through trade magazines, he made several hundred thousand dollars with no employees.

But I'm Not an Expert!

If you aren't an expert, don't sweat it.

First, "expert" in the context of selling product means that you know more about the topic than the purchaser. No more. It is not necessary to be the best—just better than a small target number of your prospective customers. Let's suppose that your current dreamline—to compete in the 1,150-mile Iditarod dogsledding race in Alaska—requires \$5,000 to realize. If there are 15,000 readers and even 50 (0.33%) can be convinced of your superior expertise in skill X and spend \$100 for a program that teaches it, that is \$5,000. Bring on the Huskies. Those 50 customers are what I call the "minimal customer base"—the minimum number of customers you need to convince of your expertise to fulfill a given dreamline.

Second, expert status can be created in less than four weeks if you understand basic credibility indicators. It's important to learn how the PR pros phrase resume points and position their clients. See the boxed text later in this chapter to learn how.

The degree to which you personally need expert status also depends on how you obtain your content. There are three main options.

1. Create the content yourself, often via paraphrasing and combining points from several books on a topic.
2. Repurpose content that is in the public domain and not subject to copyright protection, such as government documents and material that predates modern copyright law.
3. License content or compensate an expert to help create content. Fees can be one-time and paid up front or royalty-based (5–10% of net revenue, for example).

If you choose option 1 or 2, you need expert status within a limited market.

Let's assume you are a real estate broker and have determined that, like yourself, most brokers want a simple but good website to promote themselves and their businesses. If you read and understand the three top-selling books on home-page design, you will know more about that topic than 80% of the readership of a magazine for real estate brokers. If you can summarize the content and make recommendations specific to the needs of the real estate market, a 0.5–1.5% response from an ad you place in the magazine is not unreasonable to expect.

Use the following questions to brainstorm potential how-to or informational products that can be sold to your markets using your expertise or borrowed expertise. Aim for a combination of formats that will lend itself to \$50–200 pricing, such as a combination of two CDs (30–90 minutes each), a 40-page transcription of the CDs, and a 10-page quickstart guide. Digital delivery is perfectly acceptable—in some cases, ideal—if you can create a high enough perceived value.

1. How can you tailor a general skill for your market—what I call “niching down”—or add to what is being sold successfully in your target magazines? Think narrow and deep rather than broad.
2. What skills are you interested in that you—and others in your markets—would pay to learn? Become an expert in this skill for yourself and then create a product to teach the same. If you need help or want to speed up the process, consider the next question.
3. What experts could you interview and record to create a

sellable audio CD? These people do not need to be the best, but just better than most. Offer them a digital master copy of the interview to do with or sell as they like (this is often enough) and/or offer them a small up-front or ongoing royalty payment. Use [Skype.com](https://www.skype.com) with HotRecorder (more on these and related tools in Tools and Tricks) to record these conversations directly to your PC and send the mp3 file to an online transcription service.

4. Do you have a failure-to-success story that could be turned into a how-to product for others? Consider problems you've overcome in the past, both professional and personal.

The Expert Builder: How to Become a Top Expert in 4 Weeks

It's time to obliterate the cult of the expert. Let the PR world scorn me. First and foremost, there is a difference between *being perceived* as an expert and *being* one. In the context of business, the former is what sells product and the latter, relative to your "minimal customer base," is what creates good products and prevents returns.

It is possible to know all there is to know about a subject—medicine, for example—but if you don't have M.D. at the end of your name, few will listen. The M.D. is what I term a "credibility indicator." The so-called expert with the most credibility indicators, whether acronyms or affiliations, is often the most successful in the marketplace, even if other candidates have more in-depth knowledge. This is a matter of superior positioning, not deception.

How, then, do we go about acquiring credibility indicators in the least time possible? Emulating the client-grooming techniques of some of the best PR firms in New York City and Los Angeles isn't a bad place to start.

It took a friend of mine just three weeks to become a “top relationship expert who, as featured in *Glamour* and other national media, has counseled executives at Fortune 500 companies on how to improve their relationships in 24 hours or less.” How did she do it?

She followed a few simple steps that created a credibility snowball effect. Here’s how you can do the same.

1. **Join two or three related trade organizations** with official-sounding names. In her case, she chose the Association for Conflict Resolution (www.acrnet.org) and The International Foundation for Gender Education (www.ifge.org). This can be done online in five minutes with a credit card.
2. **Read the three top-selling books** on your topic (search historical *New York Times* bestseller lists online) and summarize each on one page.
3. **Give one free one-to-three-hour seminar** at the closest well-known university, using posters to advertise. Then do the same at branches of two well-known big companies (AT&T, IBM, etc.) located in the same area. Tell the company that you have given seminars at University X or X College and are a member of those groups from step 1. Emphasize that you are offering it to them for free to get additional speaking experience outside of academics and will not be selling products or services. Record the seminars from two angles for later potential use as a CD/DVD product.
4. **Optional: Offer to write one or two articles for trade magazines** related to your topics, citing what you have accomplished in steps 1 and 3 for credibility. If they decline, offer to interview a known expert and write the article—it still

gets your name listed as a contributor.

5. **Join ProfNet**, which is a service that journalists use to find experts to quote for articles. Getting PR is simple if you stop shouting and start listening. Use steps 1, 3, and 4 to demonstrate credibility and online research to respond to journalist queries. Done properly, this will get you featured in media ranging from small local publications to the *New York Times* and ABC News.

Becoming a recognized expert isn't difficult, so I want to remove that barrier now.

I am not recommending pretending to be something you're not. I can't! "Expert" is nebulous media-speak and so overused as to be indefinable. In modern PR terms, proof of expertise in most fields is shown with group affiliations, client lists, writing credentials, and media mentions, not *IQ* points or Ph.D.s.

Presenting the truth in the best light, but not fabricating it, is the name of the game.

See you on CNN.

► Q&A: QUESTIONS AND ACTIONS

For this hands-on chapter, the Q&A is simple. In fact, it's more like a Q.

The question is, "Did you read the chapter and follow the directions?" If not, do it! Instead of the usual Q&A, the end of this chapter and the following two will feature more extensive resources for taking the action steps described in detail in the text.

► COMFORT CHALLENGE

Find Yoda (3 Days)

Call at least one potential superstar mentor per day for three days. E-mail only after attempting a phone call. I recommend calling before 8:30 A.M. or after 6:00 P.M. to reduce run-ins with secretaries and other gatekeepers. Have a single question in mind, one that you have researched but have been unable to answer yourself. Shoot for “A” players—CEOs, ultrasuccessful entrepreneurs, famous authors, etc.—and don’t aim low to make it less frightening. Use www.contactanycelebrity.com if need be, and base your script on the following.

Unknown answerer: This is Acme Inc. [or “the office of Mentor X”].

You: Hi, this is Tim Ferriss calling for John Grisham, please.³¹

Answerer: May I ask what this is regarding?

You: Sure. I know this might sound a bit odd,³² but I’m a first-time author and just read his interview in *Time Out New York*.³³ I’m a longtime³⁴ fan and have finally built up the courage to³⁵ call him for one specific piece of advice. It wouldn’t take more than two minutes of his time. Is there any way you can help me get through to him?³⁶ I really, really appreciate whatever you can do.

Answerer: Hmmm ... Just a second. Let me see if he’s available. [two minutes later] Here you go. Good luck. [rings to another line]

John Grisham: John Grisham here.

You: Hi, Mr. Grisham. My name is Tim Ferriss. I know this might sound a bit odd, but I’m a first-time author and a longtime fan. I just read your interview in *Time Out New York* and finally built up the courage to call. I have wanted to ask you for a specific piece of advice for a long time, and it shouldn’t take more than two minutes of your time. May I?³⁷

John Grisham: Uh ... OK. Go ahead. I have to be on a call in a few minutes.

You (at the very end of the call): Thank you so much for being so

generous with your time. If I have the occasional tough question—very occasional—is there any chance I could keep in touch via e-mail?³⁸

► LIFESTYLE DESIGN IN ACTION

OVER THE MOON

My 13-year-old daughter would like to be an astronaut when she grows up. Last year she had an extreme challenge to deal with. The phrase from *Apollo 13* “Failure is not an option” sort of became our motto. I got the idea of contacting the commander of *Apollo 13*, Jim Lovell. It didn’t take much to find him and he sent her a wonderful letter about his ordeal just to get into the *Apollo* program, not to mention dealing with a crippled spacecraft. His letter made a big difference to my daughter. A couple months later, we were able to take things a little further by getting her VIP access to a shuttle launch.

—ROB

► TOOLS AND TRICKS

Confirming Sufficient Market Size

- Compete (www.compete.com) and Quantcast (www.quantcast.com)

Find the number of monthly visitors for most websites, in addition to the search terms that generate the most traffic for them.

- Writer’s Market (www.writersmarket.com)

Here you’ll find a listing of thousands of specialty and niche magazines, including circulation and subscription numbers. I prefer the print version.

- Spyfu (www.spyfu.com)

Download competitors' online advertising spending, keywords, and ad-word details. Consistent and repeat spending generally indicates successful advertising ROI.

► **Standard Rate and Data Services (www.srds.com)**

Check out this resource for annual listings of magazine and company customer mailing lists available for rent. If you're considering creating a how-to video for duck hunting, check out the size of customer lists from hunting gun manufacturers and related magazines first. Use the print version in libraries instead of paying for the somewhat confusing online access.

Finding Products to Resell or Manufacturing

► **Affiliate Networks: Clickbank (www.clickbank.com), Commission Junction (www.cj.com), Amazon Associates (www.amazon.com/associates)**

No inventory, no invoices. Experimenting with products and categories through affiliate networks such as Clickbank and Commission Junction, which pay you 10–75% of each purchase, is a fast method for doing a proof-of-concept using similar products. It's often worth setting up accounts at both just to observe how bestselling items are being sold and promoted.

Amazon Associates averages 7–10% commissions, but bestselling books are excellent for testing target markets for more elaborate informational products. For all of the above: Do not get into bidding wars against other affiliates using expensive general keywords or overexposed brand names. Go niche or go broke.

► **Alibaba (www.alibaba.com)**

Based in China, Alibaba is the world's largest business-to-business marketplace. From MP3 players for \$9 each to red wine for \$2 per bottle, this site is the source. If someone here doesn't make it, it

probably can't be made.

► **Worldwide Brands (www.worldwidebrands.com)**

Offers an extensive how-to guide for finding manufacturers willing to dropship product to your customers, which allows you to avoid pre-purchasing inventory. This is where Amazon and eBay power users find not just drop shippers, but also wholesalers and liquidators. Shopster (www.shopster.com) is also a popular option, with more than 1,000,000 dropship products to choose from.

► **Thomas's Register of Manufacturers (www.thomasnet.com) (800-699-9822)**

Searchable database of contract manufacturers for every conceivable product, from underwear and food products to airplane parts.

► **Electronics, DVDs, Books (www.ingrambook.com, www.techdata.com)**

► **Housewares and Hardware (www.housewares.org, www.nationalhardwareshow.com) (847-292-4200)**

For these product categories and related talent (on-screen demonstrations), also consider attending local or state fairs.

► **Consumables and Vitamin Products (www.expoeast.com, expowest.com)**

Finding Public Domain Information to Repurpose

Be sure to speak with an intellectual property attorney before using apparent public domain material. If someone modifies 20% of a public domain work (through abridging and footnotes, for example), their "new" complete work can be copyrighted. Using it without permission would then be a punishable infringement. The details can get

confusing. Do the beginning research yourself, but get a pro to look over your findings before moving ahead with product development.

► **Project Gutenberg (www.gutenberg.org)**

Project Gutenberg is a digital library of more than 15,000 pieces of literature considered to be in the public domain.

► **LibriVox (www.librivox.org)**

LibriVox is a collection of audiobooks from the public domain that are available for free download.

Recording Seminars or Phone Interviews with Experts for CD Downloadable Products

► **HotRecorder (www.hotrecorder.com) (PC), Call Recorder (<http://ecamm.com/mac/callrecorder/>) (Mac)**

Use these programs to record any inbound or outbound phone call via computer using Skype (www.skype.com) and other VoIP programs.

► **NoCost Conference (www.nocostconference.com)**

Provides a free 800-number conference line, as well as free recording and file retrieval. Normal phones can be used for call-in, so no computer or web connection is required for participants. If you'll have a Q&A, I suggest soliciting attendee questions beforehand to avoid issues with muting/ unmuting of lines.

► **Jing Project (www.jingproject.com) and DimDim (www.dimdim.com)**

If you'd like to record the actions on your screen for video tutorials, both of these free programs will get the job done. If you need advanced editing features, Jing's big brother Camtasia is the industry standard (www.camtasia.com).

Licensing Ideas to Others for Royalties

► **InventRight** (www.inventright.com) (800-701-7993)

Stephen Key is the most consistently successful inventor I've ever met, with millions in royalties from companies like Disney, Nestlé, and Coca-Cola. He is not high-tech but specializes in creating simple products, or improving on existing products, and then licensing (renting) his ideas to large corporations. He comes up with the idea, files a provisional patent for less than \$200, and then lets another company do the work while he collects checks. This site introduces his fail-proof process for doing the same. His techniques for cold-calling alone are invaluable. Highly recommended.

► **Guthy-Renker Corporation** (www.guthyrenker.com) (760-773-9022) GRC is the 800-pound infomercial gorilla. It brings in more than \$1.3 billion per year in sales with mega-hits like Tony Robbins, Proactiv Solution, and Winsor Pilates. Don't expect more than a 2-4% royalty if you make the cut, but the numbers are huge enough to make it worth a look. Submit your product online.

Searching Patents for Unexploited Ideas to Turn into Products

► **United States Patent and Trademark Office** (www.uspto.gov) (800-786-9199)

► **Licensable Technologies Developed at Universities** (www.autm.net; see "view all listings" under "Technology Transfer Offices")

► **Inventors Groups and Associations** (call and ask if members have anything to license) (www.uiausa.org/Resources/InventorGroups)

Becoming an Expert

- ▶ Prof Net via PR Leads (www.prleads.com) and HARO (www.helpareporterout.com)

Receive daily leads from journalists and TV and radio producers looking for experts to cite and interview for media ranging from local outlets to CNN and the *New York Times*. Stop swimming upstream and start responding to stories people are already working on. HARO offers select leads at no cost, and you can mention my name with PR Leads to get two months for the price of one.

- ▶ PRWeb Press Releases (www.prwebdirect.com) The press release is dead for most purposes, but using this service has some serious search-engine benefits, such as appearing at the top of related Google News and Yahoo! News results.

- ▶ ExpertClick (www.expertclick.com)

This is another secret of the PR pros. Put up an expert profile for media to see, receive an up-to-date database of top media contacts, and send free press releases to 12,000 journalists, all on one website that gets more than 5 million hits per month. This is how I got on NBC and ended up developing a prime-time TV show. It works. Mention my name on the phone, or use “Tim Ferriss \$100” online, to get a \$100 discount.

▶ LIFESTYLE DESIGN IN ACTION

Bon Jour Tim,

I was in Barnes & Noble at the help desk this past Saturday, April 25, waiting for an employee to get a book for me (*Tropic of Cancer* if you must know). While I was waiting, I noticed a copy of *4-Hour Workweek* on the counter that someone else had ordered. Not one to be shy, I reached over the counter and started reading their copy. As you might guess, I had the employee go back and get me my own copy. Haven't finished *Tropic of Cancer* but finished your book ...

... On Monday I got a yes when I asked my boss to work two days remotely per week. I start next week.

On Monday I also booked the most stunning apartment in Paris for the month of September, at a cost of half of the rent I pay in Southern California. I plan to increase my remote time now through August so that September will be an easy ask to leave for remote work. If the answer happens to be no (which I now doubt), I will be prepared to quit my job.

Now at work on my Income Autopilot project.

Tim: amazing. My life has changed in three days. (Plus, your book was funny as hell.) Thank you!!! —*CINDY FRANKEY*

21. There are a few limited exceptions, such as online membership sites that don't require content generation, but as a general rule, products require much less maintenance and will get you to your TMI faster.

22. Muses will provide the time and financial freedom to realize your dreamlines in record time, after which one can (and often does) start additional companies to change the world or sell.

23. Distributors are sometimes also referred to as "wholesalers," depending on the industry.

24. It is illegal to control how much someone sells your product for, but you can dictate how much they advertise it for. This is done by including a Minimum Advertised Pricing (MAP) policy in your General Terms and Conditions (GTC), which are agreed to automatically when a written wholesale order is placed. Sample GTC and order forms are available at www.fourhourblog.com.

25. *The Wall Street Journal*, July 18, 2005 (<http://www.technologyinvestor.com/login/2004/Jul18-05.php>).

26. This was a new product category that I created to eliminate and

preempt the competition. Strive to be the largest, best, or first in a precise category. I prefer being first.

27. If you decide to resell someone else's higher-end products like Doug, especially with drop-shipping, the risk is lower and smaller margins can suffice.

28. "Back-end" products are products sold to customers once the sale of a primary product has been made. iPod covers and car GPS systems are two examples. These products can have lower margins, because there is no advertising cost to acquire the customer.

29. "Cross-selling" is selling a related product to a customer while they're still on the phone or in an online shopping cart after the sale of a primary product has been made. For a full marketing and direct response (DR) glossary, visit www.fourhourblog.com.

30. This also refers to owners of copyrights or trademarks.

31. Said casually and with confidence, this alone will get you through surprisingly often. "I'd like to speak with Mr./Ms. X, please" is a dead giveaway that you don't know them. If you want to up the chances of getting through but risk looking foolish if they call the bluff, ask for the target mentor by first name only.

32. I use this type of lead-in whenever making off-the-wall requests. It softens it and makes the person curious enough to listen before spitting out an automatic "no."

33. This answers the questions they'll have in their head: "Who are you and why are you calling now?" I like to be a "first-time" something to play the sympathy card, and I find a recent media feature online to cite as the trigger for calling.

34. I call people I'm familiar with. If you can't call yourself a longtime fan, tell them that you have followed the mentor's career or business exploits for a certain number of years.

35. Don't pretend to be strong. Make it clear you're nervous and they'll lower their guard. I often do this even if I'm not nervous.

36. The wording here is critical. Ask them to "help" you do something.

37. Just rework the gatekeeper paragraph for this, and don't dillydally—get to the point quickly and ask for permission to pull the trigger.

38. End the conversation by opening the door for future contact. Start with e-mail and let the mentoring relationship develop from there.

Income Autopilot II

► TESTING THE MUSE

Many of these theories have been killed off only when some decisive experiment exposed their incorrectness.... Thus the yeoman work in any science ... is done by the experimentalist, who must keep the theoreticians honest.

—MICHIO KAKU, theoretical physicist and cocreator of String Field Theory, *Hyperspace*

Fewer than 5% of the 195,000 books published each year sell more than 5,000 copies. Teams of publishers and editors with decades of combined experience fail more times than not. The founder of Border's Books lost \$375 million of investor funding with WebVan,³⁹ a nationwide grocery delivery service. The problem? No one wanted it.

The moral is that intuition and experience are poor predictors of which products and businesses will be profitable. Focus groups are equally misleading. Ask ten people if they would buy your product. Then tell those who said "yes" that you have ten units in your car and ask them to buy. The initial positive responses, given by people who want to be liked and aim to please, become polite refusals as soon as real money is at stake.

To get an accurate indicator of commercial viability, don't ask people if they would buy—ask them to buy. The response to the second is the only one that matters. The approach of the NR reflects this.

Step Three: Micro-Test Your Products

Micro-testing involves using inexpensive advertisements to test consumer response to a product prior to manufacturing.⁴⁰

In the pre-Internet era, this was done using small classified ads in newspapers or magazines that led prospects to call a prerecorded sales message. Prospects would leave their contact information, and based on the number of callers or response to a follow-up sales letter, the product would be abandoned or manufactured.

In the Internet era, there are better tools that are both cheaper and faster. We'll test the product ideas from the last chapter on Google Adwords—the largest and most sophisticated Pay-Per-Click (PPC) engine—in five days for \$500 or less. PPC here refers to the highlighted search results that are listed above and to the right of normal search results on Google. Advertisers pay to have these ads displayed when people search for a certain term related to the advertisers' product, such as “cognitive supplement,” and are charged a small fee from \$.05 to over \$1 each time someone clicks through to their site. For a good introduction to Google Adwords and PPC, visit www.google.com/onlinebusiness. For expanded examples of the following PPC strategies, visit www.fourhourblog.com and search “PPC.”

The basic test process consists of three parts, each of which is covered in this chapter.

Best: Look at the competition and create a more-compelling offer on a basic one-to-three-page website (one to three hours).

Test: Test the offer using short Google Adwords advertising campaigns (three hours to set up and five days of passive observation).

Divest or Invest: Cut losses with losers and manufacture the winner(s) for sales rollout.

Let's use two people, Sherwood and Johanna, and their two product

ideas—French sailor shirts and a how-to yoga DVD for rock climbers—as case studies of what the testing steps look like and how you can do the same.

Sherwood bought a striped sailing shirt in France while traveling last summer, and upon returning to NYC has been continually approached by 20–30-year-old males on the street who want to know where to get their own. Sensing an opportunity, he requests back issues of NYC-based weekly magazines aimed at this demographic and calls the manufacturer in France for pricing. He learns that he can purchase shirts at a wholesale price of \$20 that sell for \$100 retail. He adds \$5 per shirt to account for shipping to the U.S. and arrives at a per-shirt cost of \$25. It's not quite our ideal markup (4x vs. 8–10x), but he wants to test the product regardless.

Johanna is a yoga instructor who has noticed her growing client base of rock climbers. She is also a rock climber and is considering creating a yoga instructional DVD tailored to that sport, which would include a 20-page spiral-bound manual and be priced at \$80. She predicts that production of a low-budget first edition of the DVD would cost nothing more than a borrowed digital camera and a friend's iMac for simple editing. She can burn small quantities of this first-edition DVD—no menus, just straight footage and titles—on the laptop and create labels with freeware from www.download.com. She has contacted a duplication house and learned that more-professional DVDs will cost \$3–5 apiece to duplicate in small quantities (minimum of 250), including cases.

Now that they have ideas and estimates of start-up costs, what next?

Besting the Competition

First and foremost, each product must pass a competitive litmus test. How can Sherwood and Johanna beat the competition and offer a superior product or guarantee?

1. Sherwood and Johanna Google the top terms each would use to try and find their respective products. To come up with related terms and derivative terms, both use search term suggestion tools.

Google Adwords Keyword Tool
(<http://adwords.google.com/select/KeywordToolExternal>)

Enter the potential search terms to find search volume and alternative terms with more search traffic. Click on the “Approx Avg Search Volume” column to sort results from most to least searched.

SEOBook Keyword Tool, SEO for Firefox Extension
(<http://tools.seobook.com/>) This is an outstanding resource page with searches powered by Wordtracker (www.wordtracker.com).

Both then visit the three websites that consistently appear in top search and PPC positions. How can Sherwood and Johanna differentiate themselves?

- Use more credibility indicators? (media, academia, associations, and testimonials)
- Create a better guarantee?
- Offer better selection?⁴¹
- Free or faster shipping?

Sherwood notices that the shirts are often hard to find on the competitive sites, all of which feature dozens of products, and the shirts are either made in the U.S. (inauthentic) or shipped from France (customers must wait two to four weeks). Johanna cannot find a “yoga for rock climbing” DVD, so she is starting from a blank slate.

2. Sherwood and Johanna now need to create a one-page (300–600 words) testimonial-rich advertisement that emphasizes their differentiators and product benefits using text and either personal photos or stock photos from stock photo websites. Both have spent two weeks collecting advertisements that have prompted

them to make purchases or that have caught their attention in print or online—these will serve as models.⁴² Johanna asks her clients for testimonials and Sherwood lets his friends try on the shirts to get several for his page. Sherwood also asks the manufacturer for photos and advertising samples.

See www.pxmethod.com for a good example of how I have created a test page using testimonials from seminar attendees. Please note that it's just a template for readers and not a live sales page. Free how-to seminars as recommended in the Expert Builder are ideal for identifying popular selling points and securing testimonials.

Testing the Advertisement

Sherwood and Johanna now need to test actual customer response to their advertisements. Sherwood first tests his concept with a 72-hour eBay auction that includes his advertising text. He sets the “reserve” (the lowest price he’ll accept) for one shirt at \$50 and cancels the auction last minute to avoid legal issues since he doesn’t have product to ship. He has received bids up to \$75 and decides to move to the next phase of testing. Johanna doesn’t feel comfortable with the apparent deception and skips this preliminary testing.

Sherwood’s cost: < \$5.

Both register domain names for their soon-to-be one-page sites using the cheap domain registrar www.domainsinseconds.com. Sherwood chooses www.shirtsfromfrance.com and Johanna chooses www.yogaclimber.com. For additional domain names, Johanna uses www.domainsinseconds.com.

Cost to both: < \$20.

Sherwood uses www.weebly.com to create his one-page site advertisement and then creates two additional pages using the form builder www.wufoo.com. If someone clicks on the “purchase” button at the bottom of the first page, it takes them to a second page with pricing, shipping and handling,⁴³ and basic contact fields to fill out (including e-mail and phone). If the visitor presses “continue with

order,” it takes them to a page that states, “Unfortunately, we are currently on back order but will contact you as soon as we have product in stock. Thank you for your patience.” This structure allows him to test the first-page ad and his pricing separately. If someone gets to the last page, it is considered an order.

Johanna is not comfortable with “dry testing,” as Sherwood’s approach is known, even though it is legal if the billing data isn’t captured. She instead uses the same two services to create a single webpage with the content of her one-page ad and an e-mail sign-up for a free “top 10 tips” list for using yoga for rock climbing. She will consider 60% of the sign-ups as hypothetical orders.

Cost to both: <\$0.

Both set up simple Google Adwords campaigns with 50–100 search terms to simultaneously test headlines while driving traffic to their pages. Their daily budget limits are set at \$50 per day. (At this segue into PPC testing, I recommend you first visit www.adwords/google.com/onlinebusiness and then follow along by creating your own account, which should take about 10 minutes. It would be a waste of rain forests to use ten pages to explain terms that can be understood at a glance online.)

Sherwood and Johanna decide on the best search terms by using the search term suggestion tools mentioned earlier. Both aim for specific terms when possible (“french sailor shirts” vs. “french shirts;” “yoga for sports” vs. “yoga”) for higher conversion rates (the percentage of visitors that purchase) and lower cost-per-click (CPC). They aim also for second through fourth positioning, but no more than \$.20 CPC.

Sherwood will use Google’s free analytical tools to track “orders” and page abandonment rates—what percentage of visitors leave the site from which pages. Johanna will use www.wufoo.com to track e-mail sign-ups on this small testing scale.⁴⁴

Cost to both: \$0.

Both Johanna and Sherwood design Adwords ads that focus on their differentiators. Each Google Adwords ad consists of a headline and then two lines of description, neither of which can exceed 35 characters. In Sherwood’s case, he creates five groups of 10 search

terms each. The following are two of his ads.

SAILOR SHIRTS FROM FRANCE

<p>SAILOR SHIRTS FROM FRANCE French Quality, Shipped from U.S. Lifetime Guarantee! www.shirtsfromfrance.com</p>	<p>REAL FRENCH SAILOR SHIRTS French Quality, Shipped from U.S. Lifetime Guarantee! www.shirtsfromfrance.com</p>
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Johanna creates the same five groups of 10 terms each and tests a number of ads, including these:

<p>YOGA FOR ROCK CLIMBERS DVD Used by 5.12 Climbers Get Flexible Fast! www.yogaclimber.com</p>	<p>YOGA FOR ROCK CLIMBERS DVD Used by 5.12 Climbers Get Flexible Fast! www.yogaforsports.com</p>
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Notice that these ads can be used to test not just headlines but guarantees, product names, and domain names. It's as simple as creating several ads, rotated automatically by Google, that are identical except for the one variable to be tested. How do you think I determined the best title for this book?

Both Sherwood and Johanna disable the feature on Google that serves only the best-performing ad. This is necessary to later compare the click-through rates from each and combine the best elements (headline, domain name, and body text) into a final ad.

Last but not least, ensure that the ads don't trick prospects into visiting the site. The product offer should be clear. Our goal is qualified traffic, so we do not want to offer something "free" or otherwise attract window shoppers or the curious who are unlikely to buy.

Cost to both: \$50 or less per day x 5 days = \$250.⁴⁵

Investing or Divesting

Five days later, it's time to tally the results.

What can we consider a "good" click-through and conversion rate? This is where the math can be deceiving. If we're selling a \$10,000 abominable snowman suit with an 80% profit margin, we obviously

need a much lower conversion rate than someone who is selling a \$50 DVD with a 70% profit margin. For sophisticated tools and free spreadsheets that do all sorts of calculations for you, visit the reader-only resources at www.fourhourblog.com.

Johanna and Sherwood decide to keep it simple at this stage: How much did they spend on PPC ads and how much did they “sell”?

Johanna has done well. The traffic wasn't enough to make the test stand up to statistical scrutiny, but she spent about \$200 on PPC and got 14 sign-ups for a free 10-tip report. If she assumes 60% would purchase, that means $8.4 \text{ people} \times \$75 \text{ profit per DVD} = \630 in hypothetical total profit. This is also not taking into account the potential lifetime value of each customer.

The results of her small test are no guarantee of future success, but the indications are positive enough that she decides to set up a Yahoo Store for \$99 per month and a small per-transaction fee. Her credit isn't excellent, so she will opt to use www.paypal.com to accept credit cards online instead of approaching her bank for a merchant account.⁴⁶ She e-mails the 10-tip report to those who signed up and asks for their feedback and recommendations for content on the DVD. Ten days later, she has a first attempt at the DVD ready to ship and her store is online. Her sales to the original sign-ups cover costs of production and she is soon selling a respectable 10 DVDs per week (\$750 profit) via Google Adwords. She plans to test advertising in niche magazines and blogs and now needs to create an automation architecture to remove herself from the equation.

Sherwood didn't fare as well but still sees potential. He spent \$150 on PPC and “sold” three shirts for a hypothetical \$225 in profit. He had more than enough traffic, but the bulk of visitors left the site on the pricing page. Rather than drop pricing, he decides to test a “2x money-back guarantee” on the pricing page, which will enable customers to get a \$200 refund if the \$100 shirts aren't the “most comfortable they've ever owned.” He retests and “sells” seven shirts for \$525 in profit. Based on these results, he sets up a merchant account through his bank and Authorize.net to process credit cards, orders a dozen shirts from France, and sells them all over the following ten days. This gives him enough profit to buy a small display

ad at 50% off (asking for a “first-time advertiser discount” and then citing a competing magazine to get another 20% off) in a local weekly art magazine, in which he calls the shirt “Jackson Pollock Shirts.” He orders two dozen more shirts with net-30 payment terms and puts a toll-free number⁴⁷ in the print ad that forwards to his cell phone. He does this instead of using a website for two reasons: (1) He wants to determine the most common questions for his FAQ online, and (2) he wants to test an offer of \$100 for one shirt (\$75 in profit) or “buy two, get one free” ($\$200 - \$75 = \$125$ profit).

He sells all 24 shirts in the first five days the magazine runs, most through the special offer. Success. He redesigns the print ad, putting answers to common questions in the text to cut down on calls for information, and decides to negotiate a longer-term ad agreement with the magazine. He sends his sales rep a check for four issues at 30% of their published rates. He calls to confirm that they received his check via FedEx and, with check in hand and deadlines looming, they don’t refuse.

Sherwood wants to go to Berlin during a two-week break from his job, which he is now considering quitting. How can he roll out his success and escape his own company? He needs to build the architecture and get his mobile M.B.A.

That’s where the next chapter comes in.

New Rich Revisited: How Doug Did It

Remember Doug from ProSoundEffects.com? How did he test the idea and go from \$0 to \$10,000 per month in the process? He followed these steps.

1. Market Selection

He chose music and television producers as his market because he is a musician himself and has used these products.

2. Product Brainstorm

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