

Farnoosh Torabi: James Altucher welcome to So Money, my friend.

James Altucher: Farnoosh, I am so excited you're starting a podcast, really happy to be one of the first guests on your podcast. This is exciting.

FT: This is my first time frankly recording, just for listeners out there. I've been doing broadcast for a long long time, and I actually did dabble in podcasts. Remember James back at the street.com?

JA: Our last video was when?

FT: Oh my gosh, I wanna say 2009 maybe 2008.

JA: Yeah like six years ago... Hey Farnoosh, you remember when we went on like when the iPhone was released we went to the flagship Apple store...

FT: Yes.

JA: And interviewed everybody who's waiting online for like a week, for the iPhone.

FT: Back when it was weird to do that, and now it's just normal.

JA: Right and then I remember some kind of homeless guy was trying to hassle you, and then he like knocked me to the ground.

FT: You have always been a defender James. I love you, I love you. And yes it has been at least five years since we've spoken voice to voice, which is kind of sad, but you are one of those friends James, that I am lucky to have, where you can kinda pick up where you left off. I'm again really honored to have you on the show.

FT: I just want to brag about you for a moment In just what, the last year or two you've published two phenomenal books. The first 'Choose Yourself', which just got celebrated and picked by USA Today as one of the best business books ever written, wow.

JA: Yes.

FT: And the most recent you've written, co-authored with your wife Claudia 'The Power of No'. I'm actually going through it right now and highlighting it like crazy. But...

JA: Okay.

FT: To call you an author hardly sums up all the phenomenal work you're doing, changing people's lives James. I mean... Lets list it. You are an entrepreneur, you've started and you ran more than 20 companies, you are a chess master, sought after speaker, your blog jamesaltucher.com has attracted more than 10 million readers since it launched just a few years ago. You also of course have a podcast which I am going to be taking notes from. The James Altucher show and what you've got like a zillion followers on Twitter and Facebook; I'm a little jealous.

FT: But last but not least you are an amazing dad and husband, so congratulations James you've

kind of like been such a renaissance man over the last... Well your entire life, but I think the last few years you've had a re-enlightenment.

JA: Yeah, no, I think the last few years has been some big changes, just because I think... I had a bit of a roller coaster and I was sort of probably close to hitting bottom the last time I saw you and then now things... I think life in general goes in cycles and it's how you handle those cycles that make you the person you are.

FT: Absolutely. You talk a lot about how ideas are really important, keeping that idea muscle flexed, and I follow your writing obviously and you've said that "ideas are the currency of life", they can get you in and out of these different cycles like you talk about. So what does the new year have in store for you? What's James' new ideas right now?

JA: Well I'm very excited about podcasting, because I've always been writing and I have a new book coming out "The Choose Yourself Guide to Wealth", which sort of takes the ideas from... So the idea of Choose Yourself is that the economic world has changed, like you can no longer depend on the safety and security of a corporate job lasting your entire career. And in many cases you have to develop this skill set to choose yourself, or else you are going to be dependent on someone else choosing you, like a boss, or a publisher, or a corporation or whatever, and if someone else is choosing you, it's never gonna be as good as choosing yourself. So that was sort of the idea behind the book Choose Yourself, and now the Choose Yourself Guide to Wealth is more about how do you develop the skills sets needed to choose yourself, so I'm very excited about that. And then in just in general I'm working on different companies and investments and so on.

FT: So Choose Yourself Guide to Wealth, was that something that evolved from your readers telling you, "James, I want the skills to actually learn how to make money?"

JA: Yeah, so Choose Yourself kind of presents what's happening in the economy, and what are all the myths that we've been programmed with since we were kids about what success means? And then the Choose Yourself Guide to Wealth has more specific details, okay, how do I improve my ability to sell? How do I improve my ability to build a business? How do I improve my ability to reinvent myself? Because if you think of it Farnoosh and you've done this too, we've all been through periods of where we've had to reinvent ourselves, where the rug was pulled out from underneath us and we've had to work really hard to kind of sustain our career or change careers or become someone completely different in terms of how we support our family and ourselves and so on.

FT: I chose myself in 2009 when I got laid off from the street.com.

JA: Yeah, 2009 I got laid off from street.com.

FT: And truthfully I had been thinking about going out in the world and being my own boss, but I was scared. I was worried about securing health insurance, I was worried about getting a secure pay check and frankly getting laid off was the best thing that ever happened to me. It was the kick in the pants frankly that I needed, the wakeup call really, and I never went back to even being interested in a desk job, in working for corporate America, I mean I just I really appreciate that moment in my life now looking back. Certainly I cried myself to sleep for several nights, maybe even a whole week after that happened. I was devastated because it's a blow to your ego when someone says,

"We no longer want your services," especially at the street where I really felt really synergistic there, and then to be told to kiss off was kind of depressing, but you get a... You pick yourself up and you're better than ever.

JA: Well you know and there's a biological reason for it. Mammals are herd animals so we need to be in the herd and if you're kind of kicked out of the herd, or if you're put on sort of the side of the herd then it's more likely that a predator that's chasing the herd is going to eat you, even if you wanted to leave anyway, and we've all felt this, even if you internally wanted to leave, if they're the ones kicking you out then you feel biologically this is not even in your conscious brain, it's in your unconscious brain, your unconscious brain is scared because of three million years of history you're going to get eaten by a lion.

FT: All right lets talk about money. The show is about money obviously, not so much where you're hiding your investments, but our philosophies, our behaviors, successes, failures, and I was reading your book over the weekend, the Power of No, highlighted a sentence in the section where you talked about "Saying No to Jealousy." You said, and I quote, "I have a problem with my relationship toward money." And this is in the context of where you were describing how you've gone from having millions in the bank, lots of success to then shortly after so little you had to literally ask your parents for money and they rejected you.

JA: Yes.

FT: You've experienced all these highs and lows. So let's start there. My first money question for you James, how would you describe your relationship with money today and how has it evolved?

JA: You know relationship with money is a real weird word. When I have a relationship with my wife, or a relationship with my children, or a relationship with a friend, I like to think of it as we're all equals, and we have to respect each other, and there's boundaries, but we respect and love, and trust each other, but with money, money is a thing that I use. So, it's not something I really have a relationship with. But, I do think, psychologically, like internally, for a long time I've had what I'll call a scarcity complex. I'm always worried, or I have in the past always been worried that I'm about to go broke. And even though that's not the case, every now and then that thought comes up. And so, the key to having... For me, a good relationship with money is to realize that money is much less important than I always thought it was. What's much more important is my belief in myself. So am I healthy? Am I around people who I love and trust? Am I constantly generating ideas and practicing my... What I call my idea muscle, exercising my idea muscle? And am I grateful for what I have? Because if everyday I do those four things, then guaranteed, it's like a guarantee I will have money. The best predictor of a successful tomorrow is to have a successful today. And the only way to have a successful today is to be healthy in those four areas I just described.

FT: So, in other words it's like that saying, "Do what you love the money will follow."

JA: Almost. Sometimes if you do what you love the money might not follow. Often people love what they're good at. So you might not something at first, but then you good at it, and then you love it, and then you make money at it. So, often we love what we make money at because we're making money at it. So, that sometimes happens as well. But I find in general when I'm doing what I love and I do it really with intent for a long period of time, I tend to make money at it.

FT: Got it. Well, along those lines, do you have any kind of financial philosophies or mantras that you live by that maybe are reflective of kind of how you've evolved financially over the years? Maybe there are lessons learned and now you have this kind of idea about money or saying or philosophy. I think sometimes it helps people to reflect on money in that way.

JA: Yeah. So, I find that money is just a bi-product of living a health life. If you're physically, emotionally, mentally, and let's call it spiritually healthy, money is a bi-product of that. People say, "Oh, you can only say that after you have money." I can tell you for sure I had no money, and then I started focusing everyday on just 1% improving my life physically, emotionally, mentally and spiritually, and then money appears. And again, it's not always doing what I love. For instance, I'm a board member on several companies of things that I'm not really that interested in, but I make money from them.

JA: And again, these opportunities happen because I stay healthy, and I constantly am coming up with ideas, I'm constantly practicing coming up with ideas, I'm constantly grateful for what I'm already abundant in. And then it's just natural that more opportunities come my way. It's almost like having faith in something, I trust that if I build this foundation, the house will be solid. And that has always been true for me. I never think about the money first. I never think "How can I make more money?" I always think about "How can I be more healthy in these four areas?" And by doing that, let's say I come up with 10 ideas a day. Often, I come up with 10 ideas for other companies or other people and how their lives can benefit. And so, I share my health with others, and that boomerangs back to me in the form of money often.

FT: What do you do with your money? What's your favorite thing to do when you get paid? What's the first thing you do?

JA: My favorite thing to do is to do nothing with it. I think I used to make the mistake, that you needed to do something with money. But now I don't really... I like my life the way it is. I like to read, I like to write, I like to do these podcasts, I like to spend time with my kids. I actually make an effort each day to throw things out that I no longer use or give them to charity or whatever. So, I don't do anything with my money. I don't even really invest my money unless it's an extremely special investment.

FT: Okay, James, let's talk about money memories. I wanna ask all my guests about their earliest money memory, and how it necessarily shaped their mindset at the time or in the future about money. So if you could think of a moment, you talked a little about scarcity complex, I'm wondering if that's rooted in something that happened to you as a kid, maybe it didn't. But what was an early money memory that has a really interesting lesson learned, good or bad?

JA: Well, that's a really good question Farnoosh, no one has asked me that on a podcast. I think I was always worried... Every month, my father, he was an entrepreneur and he had a computer software business in the 1980s. And every month, every day he would come into the door and say, "Next month is gonna be our big month, we gonna sign a big deal and everything's gonna be huge." And so, I was always thinking we're about to be rich, and it never happened. Like next month, it was always the next month and so it just never ever happened that he really achieved his financial goals. But there was always this constant sense of anticipation and then eventually, he went totally broke and his business went out of business. And I think that really scared me that I was gonna repeat his pattern.

JA: So, he was always too optimistic about his money opportunities. He was constantly focused on them, so he was traveling all the time trying to get this next big deal and then he went kinda broke and crazy. And I was always afraid that this was gonna happen to me and I guess I still am afraid, you never really give up on this things. I think it's important to realize that, as they say in the investment world, "Prior performance does not indicate, is not a predictor of future performance." And, I think that's what I've always had to convince myself of, and it's only in the past few years that I've really, more or less convinced myself of that.

FT: And how have you convinced yourself of that... What happened a couple of years ago, few years ago?

JA: Well, I think I kind of hit bottom. So I sold a company to the street.com where we both worked, and I sold it for a lot of money. And then I just kind of spent it like crazy and it really was just like insane the way I would just spend money like it was nothing. And so I ended up losing all my money, losing my house, getting divorced and really being too ashamed also 'cause I had to find almost my self worth with my net worth, so I was ashamed to tell people about it. So I had no friends to talk to, and so I kinda had to say also, this has happened to me before, this happened to me like four, five times like the exact same thing. And so I had to say myself, "Well what worked on the way up? And what didn't work on the way down." And again, it was related to this idea of health.

JA: Instead of going out drinking, and eating, and not exercising, and not sleeping well, I had to focus on my physical health. I had to focus on just being around people who I really enjoyed, and who trusted me and loved me. I had to really focus on exercising my idea muscle, I had sort of given up. After I sold my company I said, "I don't need any good ideas anymore." But ideas are not, a dime a dozen, people think they are, but there not. It's very hard to come up with good ideas. And so I had to keep, I write down everyday, I still do this. I write 10 ideas a day, good or bad. You have to give yourself permission to come up with tons of bad ideas.

FT: On your waiter pad?

JA: I have a waiter's pad, yeah. So, I wanted to just not make huge improvements, but just one percent a day. Emotionally, on an emotional level, I wanted to just be around people who were good for me, and I stopped being around people who made me feel bad about myself, which sounds like it's easy, but it's really not such an easy thing. Ideas, I wanted to constantly come up with ideas. So, I write down 10 ideas a day on a waiter's pad, and I still do this, and you have to give permission... You have to give yourself permission to have bad ideas as well. Otherwise, it's no good. You'll be too much of a perfectionist.

FT: And what are these ideas about? Are they all about... What's the range? Where does your mind go when you think about ideas?

JA: Everywhere. It doesn't even matter. Because the hard thing is coming up with 10 ideas no matter what the theme is. So, for instance, I might read a book and write down 10 things I learned from this book or I might be about to go into a board meeting, 10 ways I can help this company improve their profits, or I might think, 10 books I can write or 10 articles I can write. So, they're all across the board. The key is really just exercising this idea muscle. If you get into an accident, and

you can't walk for two weeks, just two weeks, your leg muscles atrophy so fast that you need physical therapy to walk again.

JA: And it's the same thing that's true with your idea muscle. If you don't use it, and I would sort of kind of give up using my idea muscle after I sold the company, but now I don't make that mistake anymore. Every day, I exercise this idea muscle, and the idea is after six months of doing this, I guarantee you, all your listeners will be idea machines, and then the key responsibility, once you become an idea machine is to constantly give ideas to other people.

JA: And that's how abundance is returned to you is when you're kinda... If you give more value to other people, then you could have total faith that, ultimately, abundance is returned to you, and that has never failed me. And then finally, gratitude. So, every day, whenever I notice in myself, "Oh, I'm complaining about something." I make sure that I change that complaint to gratitude, and that's a way of practicing mindfulness, but it's also, you can't be grateful for what you're not abundant in, and that, in turn, increases my abundance.

JA: So, I find that when I do these things, I make an enormous amount of money. And I'm not bragging when I say this. I've seen... I've been writing about this for five years. I get emails every day from people who are doing the same thing, and I'm not selling this. These are all simple ideas, and I'm sharing it freely, but I get emails every day from people who try the same things, and abundance happens in their lives as well.

FT: I love that. We sometimes think we have to keep our ideas to ourselves. We're so scared that someone's gonna run off with our great idea.

JA: That's a big question that I get like, "Oh, I don't wanna..." People ask me, "Oh, I have ideas, but I'm afraid if I give them out, I won't get paid for them." Never think about... Never expect to get paid for your ideas, and when you keep your expectations really low, I can guarantee your expectations will be exceeded. And I've been amazed how many times I've given out free ideas, and abundance has come back to me not just in the form of money, but in the form of contacts, connections, future opportunities... I'll give you an example.

FT: So one of my questions is what's a so money moment for you, James? So, share with me like a moment in your life where you had a financial win perhaps stemming from this behavior of flexing your idea muscle. Share that.

JA: Well, one basic example is I'm on the board of a public company, Corporate Resources, they're an employment agency, and I kept giving them ideas, and this is the company that they asked me to be on their board of directors, and at first, I was like "No, no. Just have the ideas for free. It's no big deal." But they made me basically a financial offer I couldn't refuse, and I very much enjoyed being on their board, but this was a case where it was purely an example of me giving them ideas for free. Another example, I gave Amazon... I do a lot of self-publishing through Amazon. So, I gave Amazon 10 ideas how they can improve their publishing, and this is Amazon, the major publishing...

FT: Who did you write to? Was it like info@Amazon.com? Who was your contact there?

JA: A friend of a friend of a friend was one of the heads of business development, so I just reached

out. Often, by the way, when you reach out and give ideas to people, they ignore you. So, there's a quantity game here as well. So, I've given ideas to Google. Nobody ever got back to me. Amazon, not only did they get back to me, they flew me out to Seattle, and I got to meet essentially all the people running their self-publishing division and they all showed me what they were working on. I didn't get paid for it nor do I expect to get paid for it but who knows what future opportunity I'll have when I self-publish my next book, so whatever.

JA: It's just I build up my relationships and my network, sometimes you get paid, but no matter... Money is not abundance. No matter what, when you share your ideas, your abundance automatically increases. It may come back to you in the form of money, it may come back to you in the form of a better network, it may come back to you in the form of future opportunities, who knows? But no matter what, I have faith that by building these muscles out -- gratitude, idea, emotional, physical -- that future opportunities exist and money will constantly happen. Money is just a by-product of abundance, of having faith and building this foundation.

FT: I love this so much because people don't wanna think about money, it stresses them out. But people would enjoy thinking about ideas and networks and connecting and sharing. And that to me is a lot more human and really, just takes us to higher places than like you said, than just worrying about your next paycheck, trying to manage your money effectively dollar for dollar. That's really really stressful and often ends up with more failure than wins. But this is something I think anyone can do and anyone no matter what your income, no matter where you're in your life, you can start exercising this today and hopefully see results.

JA: And people think, "Oh I can only do that once I make money." I can tell you for a fact I was at zero when I started doing this and literally I've made millions doing this approach. And I only think about today, "Am I doing these four things today?" Because that's the ground work for tomorrow. And that's all... Today and tomorrow are the only two days that matter. I might be dead after that.

FT: Well, we certainly hope not.

JA: Right. But to be honest, okay, this is an interesting issue as well. I hope not as well just for the sake of my kids but for me I won't care because I'd be dead. So I only worry about am I physically healthy today? Am I around people I love today? Am I coming up with tons of ideas that I love today? And am I grateful today? Else, what's the point of my existence and that's the only thing I have to worry about.

FT: James we're getting close to the end of the interview but before we wrap, I wanna do a so money, fill in the blank kind of lightning round okay? So I'm gonna start off a sentence and you're gonna finish.

JA: This is your first lightning round. I'm so excited. All right, this is an interesting idea for the podcast. Good.

FT: I think it will be fun. Okay. So fill in the blank. If I won the lottery tomorrow, say a hundred million dollars I would...

JA: Just put it in the bank and then probably give most of it to charity.

FT: The one thing that I spent on that makes my life easier or better is...

JA: Waiter pads.

FT: Waiter pads! I love it. Idea muscle.

JA: Yeah.

FT: My biggest guilty pleasure that I spend a lot of money on is...

JA: Probably... You know, when I take... This requires explanation. When I take my kids on vacation, I believe that people should spend money on experiences and not material things...

FT: I agree.

JA: Because experiences you sort of take with you forever and material things you kind of lose interest in. So when I take my kids on vacation, I like to rent through AirBnB a nice place and then I fill the place with games. So I'll call a local game distributor and I'll get a ping pong table shipped in, a pull table, arcade games, basketball games, fuse ball, and I just make the house as fun as possible and that's like kind of my guilty pleasure.

FT: Dad of the year.

JA: Yes.

FT: Okay James, right now I have blank dollars in my wallet and I'll probably use it to buy blank.

JA: I have a wad of two dollar bills in my pocket and I use two dollar bills to tip because nobody ever forgets you if you tip with two dollar bills.

FT: And aren't two dollar bills extinct?

10:42 JA: No. What you do is you go to the bank...

FT: Okay.

JA: And you say, "I'd like to have a thousand two dollar bills," and then they go to the federal reserve...

FT: Oh my God!

JA: And it takes a couple of weeks and then they call you and say, "Okay, we have your dollar bills ready," and they deduct two thousand dollars from your bank account and give you the wad of two dollar bills.

FT: Are you serious? Wow!

JA: Yeah.

FT: I love that. I'm gonna do that as an experiment, to know how it goes.

JA: You should do it. It works. I could tell you when I first moved to the town that I live in, literally, I wanted everyone to remember me. So I went to every store and I bought items with two dollar bills. And pretty soon the town, the economy of the town was like flooded with two dollar bills, like everybody started two dollar bills.

FT: The James effect.

JA: Exactly.

FT: Okay. Couple more. When I donate money, I like to give to blank because...

JA: Women For Women International, which helps women who have had their families destroyed by war, usually in Africa or the Middle East, and the women are usually single mothers and they're starting companies and Women for Women International has a very low administrative rate, like most of their money goes to the charity, and I think they do a very good job.

FT: I love that. Good for you. That's amazing. I'm gonna look into that.

JA: Yeah, I highly recommend them.

FT: And finally James, I'm So Money because?

JA: I'm So Money because I do only spend with people I love and trust. And that's why I'm doing this podcast with you, Farnoosh, we've had so many good times together like at the street.com, we've done a 1000 videos together.

FT: And we were doing video before video was cool, frankly before YouTube even got sold, that's how long ago.

JA: We were the first podcasters, so that's how old we are.

FT: Well, I am again, I'm honored that you've chosen me to share part of your day with, and I will be following your work as I always have been. This has been such a valuable experience. You're an amazing guest and an amazing person, I'm proud to call my friend. Tell us where we can learn more about you and your book.

JA: Yeah, well the "Choose Yourself Guide to Wealth" is coming out either in January or February. I'll probably release it first to people on my email list and then release it on Amazon 30 days later. I like to self publish because you can make more money and get wider distribution that way. And JamesAltucher.com, you can find me or the "James Altucher Show" is my podcast and I also have a podcast called "Ask Altucher", so those are the main ways.

FT: Thank you so much, James. I hope Oprah's listening, because seriously you need to go on a Super Soul Sunday, you and your lovely wife need to go on there and promote your work on her show, I think she would totally dig it.

JA: And, Farnoosh, congratulations on launching your podcast, I wish you the best of luck with this. It sounds like it's gonna be really great.

FT: Thank you, I'm having a lot of fun with it, thanks.