

EPISODE 1735

[INTRO]

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FT: So Money, Episode 1735. Seth Godin on Strategy, Fear, and Finding your Path.

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ANNOUNCER: You're listening to So Money with award-winning money guru, Farnoosh Torabi. Each day, in a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas, or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life. Welcome to So Money.

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"SG: The only person that's going to change your mind is you. What I see at big companies, people running for President is a complete lack of strategy, because we've been indoctrinated to do our job, to do the tactics, to try harder. Without saying, 'Why am I playing a game I can't win?'"

[EPISODE]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. I have been impatiently waiting to release this episode. I recorded it a few weeks ago. Couldn't believe that I had the opportunity to reconnect with one of my heroes. It's a tremendous honor to welcome back, Seth Godin to So Money. If you've been listening to this show from the beginning, and I mean, the first two months of this show. You probably remember Seth coming on and helping me launch So Money, sharing his insights on what it means to be rich, opening up about his personal experiences with money.

It's an episode that to this day, people stop me in the street and at events, and they say, "Loved that episode with Seth Godin. I will always remember your conversation." Hope we can top that.

For those who may not know Seth, he is a bestselling author, entrepreneur, and one of the most influential thinkers in marketing and leadership today. He's written over 20 books, including *Purple Cow*, *The Dip*, *Linchpin*, and *This Is Marketing*. His work has shaped the way we think about creating change, building tribes, and making an impact in the modern world. Today we're diving into his latest book. It's called *This Is Strategy: Make Better Plans*, explores how we can all create more meaningful and effective strategies in our lives, whether it's in our careers, personal development, or financial goals. Here is 10 years later, our friend Seth Godin.

Seth Godin, welcome to So Money. It's always an honor having you on. I don't know if you remember, but last time you were on So Money, it was 2015. It actually aired in 2015, but we recorded in 2014. This is our 10-year anniversary. Let's not –

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SG: Every 10 years.

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FT: Let's not let it get this far before hanging out again. It continues to be one of, if not, the most listened to, popular quoted episodes. We talked about the meaning of richness, you were generous in sharing a lot of your personal financial experiences. Today, though, we're going to be talking about strategy. This is the theme that you're focusing on right now. The title of your new book is, *This Is Strategy: Make Better Plans*. You've written so much, Seth. I mean, your resume, this is your 21st book, right?

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SG: Well, it's hard to tell, because that was a book package for a long time. There was more than 100 in those days.

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FT: Oh my gosh. You've written about leadership and marketing. What drew you to the notion of strategy and why now?

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SG: People come to me for advice. I don't do any coaching or consulting, but friends do. They think they have a marketing problem, and they don't. They have a strategy problem. Strategy is completely misunderstood. People think it's for MBAs or for generals, and they think it has to do with tactics or forcing somebody to do something they don't want to do. It's none of those things. It is a philosophy of becoming. It is a point of view about the world that you believe you can make a change happen, that you want to make something better, that you want to contribute, grow something, whether it's personal finances, or an organization. It doesn't matter how fast you're going if you're going in the wrong direction.

Our strategy is a compass. It's not a map, it's not going to tell you all the steps, but it's going to ask you hard questions about, what are the directions that makes sense, and why. If you can't talk about it, you can't make it better. The purpose of the book is to help people talk about it.

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FT: In the context of what our audience cares about when it comes to strategy, that could be anything from eliminating debt, earning more money, generally just creating more financial security for themselves, for their families. On a scale of 1 to 10, Seth, how poor are Americans when it comes to strategizing? You've already talked about how we confuse it and conflate it with operations and marketing, but what is the crux of the problem?

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SG: Let's say we were talking about a chess player and they lost every single game. I think we could agree they're not that good at playing chess. Let's look at the profit of Citibank or any other company that has a charge card division. It's huge. The individual consumer is losing.

They're losing the game, because they don't understand the strategy of what money is for. You are playing against people who are taking advantage of you, who are selling you something today that you have to pay for tomorrow that scales in the wrong direction. That a lot of personal finance stress comes from wanting two things at the same time.

Stress is different than intention. Stress is, I want to be here and I don't want to be here. Stress is, I want that thing, but I don't want to pay for it for the next five years. Stress is, I want to keep up with my friends, but I want the peace of mind of having savings. There is an enormous amount of stress associated with personal finance.

Astonishingly, paradoxically, it happens to afflict people in wealthy countries. That there are plenty of people around the world who make \$5, \$10, \$15 a day who have less money stress than some of the people who are listening to this. Part of the reason is, we have been indoctrinated by marketers, by banks, by people who are building a system designed to make us unhappy. Strategy involves seeing that this game is being played, and then either choosing to play it or choosing not to play it, but don't walk into it accidentally.

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FT: You brought up game and that's one of four threads that you illustrate throughout your book. You say there, it's time, game, empathy, and systems. You say, "To understand how strategy works, you focus on these four threads." You say, "They're everywhere we look, but they're also easy to ignore." I really appreciated the empathy piece of this. I don't see that often cited in books of this nature. I just want to know more about why you thought it was important and the role of empathy in creating your strategy.

[0:07:25]

SG: Okay. We'll come back to games, but let's talk about empathy. Empathy is not weak. It's not soft. Empathy is effective. If you're a stand-up comic and you insist on telling your jokes in Italian, and the people in the room only speak English, it's not their fault that they don't think you're funny. It's your fault because you had no empathy for them. You insisted you were right,

but they're the customer. It's a market and they're not buying what you're selling because they don't understand.

The empathy we need is to realize that the other people involved, our boss, our spouse, our kids, the car salesperson, all of these people don't know what we know, don't want what we want, don't see what we see. But if you want them to engage with you, you have to acknowledge that that's okay. That your 15-year-old who desperately wants to spend money you don't have to buy an outfit, they're doing it for reasons that they think make perfect sense, because they don't see the world the way you see the world. They think college is going to pay for itself. What we get to do is teach people things so that they choose to change their mind, but we cannot insist that people change their mind because they won't.

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FT: It's fascinating. As you're talking, time, game, empathy, systems, it clearly illustrates the strategy that we always talk about on the show of like how to make more money, how to convince your employer to pay you more or how to charge more in your company. You need to appreciate time because timing is important in that strategy. There are better times to ask than others. It is a game. There are chess pieces involved.

The empathy piece shows up, I think when we talk about the importance of understanding not just your needs and perspective. Obviously, you making more money, that's a win. But what is going to be the win for your employer? Why is this necessarily a good move for your employer? What do they need? Then of course, the systems. Systems, I'd love for you to unpack that a little bit. What do you mean by systems?

[0:09:39]

SG: This is so important. Let's talk about the most famous system of all, the solar system. Leaving Pluto out of it. There are all these planets and there's the Sun. Everyone knows the Earth rotates around the Sun. It doesn't do it because it wants to. It does it because of gravity. Gravity is an invisible force that pushes it. The wedding industrial complex is also a system. Your wedding should cost just as much as your best friend's wedding, but a little more. That that

system, which got put into place a hundred years ago in this country, but is thousands of years old in lots of places is about status, is about culture, is about fitting in.

That wedding rings with diamonds in them are a hack invented by De Beers. Diamonds didn't use to be worth much at all. They built a system where the groom feels insufficient if they don't have enough money to buy a big enough ring. That's built in. That's the gravity. So, if you decide you'd rather put your kid through college than have an engagement ring, you're going to be pushing back against the big cultural system. If we name it, it gets much easier to do.

True story, a friend of ours, someone I helped think about college and applying to college got into two colleges. One college was sort of well-known, and one of the five most expensive undergraduate colleges in the country. The other college was a state school with a scholarship basically free. Which one should you go to? Well, the real question is, do you want to graduate a quarter of a million dollars in debt or do you want to graduate having spent four years doing this thing, and now you have a quarter of a million dollars that you didn't spend that you who go use to start a business or buy six BMWs? That's the choice. But the system pushes the kid to say, "Tell, this one's more famous, so that's where I'm going." It's heartbreaking, but it happens every single day.

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FT: As the kid who chose the state school over the prestigious NYU and other expensive universities, I can attest to the heartbreak in the beginning, but the long-term payoff. In that example, Seth, you bring us to the next question that I had, which is that, you talk about these conflicting desires that we have in many of these situations as we're trying to formulate strategy. This college example is perfect, because it's like, okay, do I want affiliation, do I want status, do I want freedom from fear. We can't have it all. How do we steer ourselves? What is the compass telling us in these cases? Why are these three desires? Because there's so many others.

[0:12:43]

SG: I don't think there are so many others. I think if you have health and a roof over your family, and food, everyone wants three things. Freedom from the feeling of fear, affiliation meaning

fitting in, being part of something, and status. Who eats lunch first? Who's moving up? Who has that? Kind of competitive peace of mind? What am I missing?

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FT: Joy, happiness –

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SG: But joy, happiness, and comfort come from affiliation and status. They're like, "I can't believe it. I'm with my family, I'm at Coney Island, I get to go on the roller coaster, it's a perfect day." Well, yes, but it wasn't the vibration of the cyclone that gave you joy. It was the story you told yourself about the moment. When we think about something as complicated and as expensive as picking a college, affiliation. What am I going to tell my friends, where are they going to school? Blah, blah, blah.

Notice, no one's thinking about going to school in Dublin if they live in New York. There are plenty of kids in Dublin who are thinking about going to school in Dublin. Well, we have airplanes, but people think about what their peers are thinking about. Status, what sticker is going to be on the back of the car?

Part of what we need to do and why people like you who have been showing up for so many years are so important. You give people permission to say it out loud. That if someone says, "I'm going to this college because it was sunny on the day I visited, the tour guide was cute, and I want to go to a school with a football team." Okay, fine, but at least say that out loud, but don't come up with some complicated emotional thing that isn't true about why you're going there. You're going there because some buttons got pressed on a certain day.

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FT: Right. You're asking us, Seth to basically take a look at ourselves, which is really hard to do and almost detach from all these pressures. This is not a self-help book, but I almost feel like maybe we should pair it with a psychology book or some therapy session.

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SG: Well, all help is self-help. Meaning, the only person who's going to change your mind is you. What I see at big companies, people running for president is a complete lack of strategy, because we've been indoctrinated to do our job, to do the tactics, to try harder. Without saying, "Why am I playing a game I can't win?" Years ago, I did a personal finance book. I created it, my name wasn't on it. One of the things the author suggested is, you do an inventory about how often you use your living room. Because in those days, the typical middle-class family had a living room and never used it. Do you know how much a living room costs a family that makes \$80,000 a year? It cost millions of dollars to have a living room. So, go buy a house without a living room, and it's really hard to do that. We need to understand, why is it hard to do that? Status and affiliation.

Let's just name them and then make a new plan, because you can win a different game really well. You can live like a king or queen if you walk away from something like a living room. I grew up in Buffalo, New York, and you can buy seven houses in Buffalo, New York for what it costs to buy a house in certain neighborhoods of Long Island. Well, if you work from home, we need to have a real hard conversation with yourself about why you chose to live in a place that's going to determine your personal finance for the next 50 years. If you still want to live there, that's great, but at least, let's talk about the strategy.

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FT: Another behavioral trip up perhaps is that we try to just follow the herd. There's this copy paste mentality. It's just strategizing. If you Google actually the word or the question, what is strategy? A top result in addition to your book is a 1996 Harvard Business review article that criticizes what a lot of businesses were doing at the time. If you remember '96 was the dawn of sort of internet expansion, and mass adoption. What the journalist was saying was that, right now, we think strategy is operational effectiveness. We think that it's using tools like total quality management and benchmarking. What is lacking and what is ultimately the pitfall of this strategy is that there's no uniqueness in the strategy. It's a race to the bottom.

I wanted to ask you, how important is uniqueness in your strategy? If you feel like you're at a stalling place, like you have maybe figured out the game, and you've timed it, but you feel like, okay, this feels very similar to what others are doing. Is that a red flag?

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SG: There are very, very few professions and organizations that should have an original, unique strategy. You are way better off. Let's say, you're a small business. Find a small business out of town that doesn't compete with you geographically and just copy them, and then make that better. You don't get any prizes for inventing a kind of sandwich shop that no one's ever had before. You get prizes for having a sandwich shop that's fun to work at, that makes a profit. If you have a locksmith, you don't want to invent a new way to market locksmiths. You want to find some other locksmiths somewhere else in the world and do what they're doing, because they already tested it for you. If you're an investor, you don't want to be the person who pioneers a new way to invest in the stock market. Do the math, realize that cheap mutual funds are probably the way to go. Go copy that.

That's different than what we need to do if we want to build a career, say, as a freelancer, or somebody who needs to build a practice. In that case, we need to be remarkable, not unique. Remarkable means worth making a remark about. If your slogan at work, when you're going to the boss for a raise is, "You can pick anyone and I'm anyone. I do what you tell me to and I don't complain." You're not going to get a raise. That's a race to the bottom to comply more than everybody else. The alternative is to say, "The work I do is worth talking about because it benefits you to brag to your boss, or to brag to your coworkers that I am part of this thing that we're doing here." That's not unique, but it's remarkable. That I'm the one who figured out how to do something better different that made my boss look good. That's the path to getting the kind of raise you probably deserve.

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FT: I like that, remarkable. You also write about elegance. I loved that because on this podcast, actually, one of the best pieces of advice that really resonated with me was, while back we had on this Hollywood director, Kari Skoglan. She's directed *The Handmaid's Tale*, *The Walking*

Dead Americans. She said, "If you have the opportunity, work with elegant people." Similarly, you write in your book that the elegant path is the most useful way forward. Can you share Seth's definition of elegance in relation to strategy? How can we achieve this? I feel like sometimes it's just luck. You don't always get to choose who you get to work with or what you're facing. There are external factors.

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SG: All right, let's leave the luck part out for right now. If you watch people swim in the Olympics, it's very different than if you watch the person at the local pool who's trying really, really, really hard. The person who's trying really, really hard is splashing a lot, but they're not going very fast. When you watch people swim in the Olympics, they just seem to magically go forward, because they have an elegant stroke.

had a professor when I was in college. I was an engineer. He got hired by the developers of a 40-story building in Boston. These people had made a mistake when they built the building, and all of the drywall, every time they painted it, stains came through and they would have to paint it again. The inelegant solution is rip out all the drywall, start over. That's going to cost tens of millions of dollars. They went to Henry, Henry said, "I will solve your problem for \$40,000." So, he signed a piece of paper and then he wrote down the name of a chemical, and he walked out/ Because he had the experience to know that if they put this chemical on the drywall, the problem is going to go away. His experience and insight led to better technique, which led to saving tens of millions of dollars.

A barefoot runner looks like they're not trying very hard, but that's because they practiced for so long to be elegant at understanding the system. What makes a good surfer is they find better waves. A great surfer on a choppy body of water doesn't look like a great surfer. The art is in finding better waves. So, back to your friend, the director. There's always luck. That's not the question. The question is, when it's very difficult, when do you draw a line and do something that's hard now that creates the conditions for better later?

If you're a director and the producer in the studio insists that you cast a mediocre person for the main role because they're sure that that's X, Y, or Z. It's not easy to say, "If you put that person

in, I'm quitting." But if you say that and you bring in this actor who ends up transforming the entire movie, people say, "Oh, they were really lucky." No. What they saw was a strategy forward, which is, "They're not going to get this to make this movie ever again. Here, in this moment, they could trade a little bit of their status for a chance to invest in tomorrow.

[0:23:31]

FT: Right. I'm learning that elegance, it comes from experience. It's a gift sometimes of just experience that swimmer who's swimming really hard, but making a mess. Maybe one day they will be elegant, and it's thanks to the practice in the pool.

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SG: And lessons, lessons matter. I've known this guy for 10 years. He's not a better swimmer than he ever was before. He needs a lesson. I don't have the guts to give it to you.

[0:24:01]

FT: There's this book called, *Suck at Something* and it's all about – I mean, I'm terrible at tennis, but I love the ritual, I love the outfits, I like being out on the court. As frustrating as it is for the other player, because I can't get the ball over the net, I'm having a great time. That is worth something.

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SG: I love hearing that. I want to share a book recommendation, which I almost never get to share.

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FT: What is that?

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SG: Timothy Gallwey wrote a book called *The Inner Game of Tennis*. It is the single best Sports advice book ever written. It's 50 years old. I don't even play tennis. It changed my life.

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FT: *The Inner –*

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SG: *Game Of Tennis.*

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FT: *Game Of Tennis.* Okay, interesting.

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SG: Get back to me. Let me know how it worked.

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FT: Thank you. You touched on delaying gratification. This is it. This is the thing set. I mean, they they've done the studies, if you can delay gratification, you have a better chance at a lot of success in many realms of life. It's the hardest requirement of creating a viable and healthy system, would you say? Do you think this is it? This is like, if you can conquer this, you can master this, your life –

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SG: Okay. I got stuck on the word system, but it is critical. Let's talk about the marshmallow test.

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FT: Yes, I remember.

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SG: Do your listeners know about this?

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FT: Yes.

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SG: The shot version. It's Stanford Kindergarten, nursery school, you got three-year-olds. This feels really cool, but they did it. They say to a three-year-old, "Here's a marshmallow, I'm leaving the room for 20 minutes. If I come back and you haven't eaten it, I'll give you two marshmallows, that's the deal." Turns out, most kids eat the marshmallow. But the kids who wait, 20 years later have higher income, higher job satisfaction, lower obesity, went to more famous colleges, better career opportunities. Everyone said, "Wow, this is very, very important. We need to train kids to not eat the marshmallow and self-restraint is everything."

It always struck me the wrong way, and I've written a bunch of times about this. If you grow up in a house where there isn't enough food, you are used to adults not keeping their promises. The right thing is to take the marshmallow, because why should you trust this adult who's saying he's going to come back with two? That it's not that we're born with self-restraint and grit. It's that we learn it from an environment around us.

Turns out in a follow-up study, kids in Cameroon do much better than almost any other country not because Cameroon is rich, but because Cameroon parenting on subsistence farms. A lot of it is about self-control. So, now you're 40. What are you going to do? You didn't grow up in a two-marshmallow household. You can create the conditions, to learn to be like that. You can start with easy things. You can figure out where you're going to get the little zing of a treat every day that doesn't satisfy the system that's manipulating you. Go do that somewhere else. Have

no discipline when it comes to playing one more round of Scrabble on your computer. Fine, that costs nobody anything.

But when you're at the store with a credit card, that's the moment when we need the credit card to go back in your wallet. That's the marshmallow test right there. You can create conditions, coaches, support groups, none of which cost any money. In that moment, you could call up your friend or a texter and say, "Great news, I didn't buy the extra thing." Because right now, the system is built that you get an emoji smile back when you say, "Look at the cute shoes I just bought." We need the opposite to happen. We need scaffolding to reinforce self-control.

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FT: Does this advice also track when we're talking about systems that are corrupt or broken, and there's large systemic systems. We're talking about the housing market, the economic system. Within that, there's racism, there's discrimination. So, just thoughts on that because rerouting that seems almost impossible.

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SG: Okay. All systems are corrupt and all systems are broken for some people. The system persists because the system is happy to persist. There are people who want maximum security prisons to be the way they are, because they are part of the system, and they benefit from that. The status quo rewards them. Systems that stick around are good at sticking around. That the challenges in our country, due to colonialism, and racism, status, challenges of caste, challenges of income and inequality, they're not there because the people in charge are evil. They're there because the status quo is good at reinforcing false proxies to keep people in the system making choices.

What we don't get to do is announce that a system is broken and fix it tomorrow. What we can do is build right next to that new system, but also use the system against itself to cause it to change. Because the system doesn't actually want there to be things like systems of caste and racism. What it wants is status and affiliation. It wants a feeling of safety. It wants to make a profit. Well, the minute they can do that by ensuring that there's clean water in Flint, Michigan, it

will, instantly. The jujitsu here is to understand. where are the nodes in the system, what are they measuring, how are they determining what to say yes to. Then, how do we create the conditions for the system to create a different output, one that actually benefits us.

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FT: You've given us a lot of great prompts, and this is part of the book as well. It's very poetic, there are a lot of metaphors, it's philosophical, but there are also some questions and prompts that you offer readers so that they can start to think more strategically. One of which is, "What is the fear that I'm eagerly creating by showing up with my change?" This stopped me because I just wrote a book about fear. I'm obsessed with fear. I think it can be used for greatness if we know and have the tools. Do you think that we can use fear to develop a good strategy in our financial lives, in our careers, and how so? How can we implement fear wisely?

[0:31:02]

SG: Well, you're the expert, so I'm a little hesitant to chime in too much, but you should add to what I'm saying. What I'm trying to get at is this. If you want to make a change happen of any kind, you are going to create fear in someone else, and probably fear in yourself. We're all afraid, you're moving to a nicer house, you're afraid in that moment. Even though you sacrifice to do it.

If you're go to your boss and ask her for a raise, you are creating fear in her. Because she's saying to herself, either, "What if I say no and she quits?" or she's saying to herself, "What if I say yes and my boss is mad at me?" You created fear by asking that question. If you're not willing to create fear and tension, nothing's going to change in your life. If the change you seek to make is important enough, then you can create the fear on purpose. That doesn't mean you make a threat. It just means you acknowledge this is happening the same way if you're running a restaurant. It makes sense to have some of the smells from the kitchen go into the dining room, because people will be hungrier before the food comes.

How do you make it so that the conditions are such? That when the fear shows up for your boss, the easiest thing in the world for her to make her feel good is to give you that raise? That's what the project is. That's the game.

[0:32:29]

FT: I like that. I like that. I agree. If you're not scared, you're not doing it right. That's the short answer. To close here, Seth. Last time you were on So Money, it aired in February of 2015, and we talked about money, and what it means to be rich. In your words, you said rich is being able to afford choices. You said everyone who's listening to this show is rich to the extent that they have a computer, they have the time to listen to a podcast. Those two things by themselves make us richer than anyone on earth dreamed of being 200 years ago. Does that still sound right to you? Have you in 10 years revisited this sort of notion of wealth and richness given that we've had a few events in between, including the pandemic, and insurrection, elections, other events?

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SG: Sometimes when people quote back things, I said, "I don't remember saying them and I disagree. I remember saying this and I agree." What I would add to it as a 64-year-old is this. America got hang up for a whole bunch of complicated reasons on actual money that could be counted. I think the other kind of rich is way more important, and that is the things that cannot be counted, but they can be felt, that you made a contribution, that people would miss you if you were gone, that you love and are loved. I mean, that matters a lot more.

[0:34:04]

FT: Thank you. Thank you, Seth. This was wonderful.

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SG: Thank you. You're the best. I can't wait. We're not going to wait 10 years, I promise.

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FT: No, we're not. We are not. Congratulations, *This Is Strategy*.

[END OF EPISODE]

[0:34:18]

FT: Thanks so much to Seth Godin for joining us. His book is called *This Is Strategy*. The link is in the show notes. If you enjoyed this episode, please subscribe, leave a review, share it with a friend. It is the best way to support this show. I'll see you back here on Wednesday, where we're going to be in conversation with my friend, Hannah Cole, who is the founder of Sunlight Tax. We're having her on to talk about the aftermath of Hurricane Helene. Hannah and her family live in Asheville, North Carolina, where Hurricane Helene has left a trail of destruction. Hannah's art gallery with over 10 years of work was completely destroyed. Hear how she's supporting her community, and what we can do to show up for everyone who's suffering right now from the impact of these storms. Thanks for tuning in, and I hope your day is so money.

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