

**EPISODE 697**

[INTRODUCTION]

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**FT:** Welcome back to So Money everyone, I'm your host Farnoosh Torabi. Thanks for joining me here again. Question for you, what would it be like to have a balance with nine zero's? How would you feel? A billion dollars, what does it take to reach that kind of money? Our guest today is Mitch Cohen and he is the co-author of a book that answers that very question and the book is called, *The Self-Made Billionaire Effect*, now just to put things in to perspective there are more billionaires today walking the planet than ever before.

Jeff Bezos, Mark Zuckerberg, Sara Blakely, just to name a few within our borders and according to Forbes 2017 was a record year with the number of billionaires climbing 13% worldwide to 2043. 56 of those billionaires by the way are under the age of 40 but there are only about 800 or so self-made billionaires according to our guest, Mitch shares some of those characteristics of those wealthy individuals and they include an empathetic imagination and what you call as patient urgency which to me sounds a little conflicting, I had to ask Mitch about that. Mitch spent over 30 years in the financial industry. He is a retired Vice-Chairman at PricewaterhouseCoopers.

There he serviced his partner for over 20 years and it was also there where he got the opportunity to meet and analyze the work and mindsets of some of the world's richest people. I also want to highlight that Mitch is a fellow Penn State Alumni and he and I both served on the Board of Visitors at the Smeal College of Business there. So we are friends and a fun-packed Mitch was a human of New York profile, you know, those incredibly candid portraits of New Yorkers doing random things as New Yorkers do. And, they got some of the most captivating and moving captions, while Mitch was a profile and he will share that experience with us as well. Here is Mitch Cohen.

Mitch Cohen my friend, welcome to So Money, it's great to have you on.

[INTERVIEW]

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**MC:** It's great to be with you today.

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**FT:** I wanted to have you on for a number of reasons, I was explaining in our introduction that we are both on the board of the Board of Visitors, Board of Visitors, yes, Board of Visitors at –

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**MC:** Board of Visitors.

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**FT:** Yeah. I wanted to say Board of Advisers but Board of Visitors at Smeal College where I'm a new member, I'm a newbie and you've been so gracious and kind and helping me adjust to that and in learning about you I also discovered that you are an author and I thought your book would be a really great fit for our audience because the So Money nation as I call them, we're really interested in how to get to the next best level with our finances. We're super aspirational and what's more aspirational than becoming a billionaire.

I don't have that aspiration I'll just be honest. But it's nice to live it's nice to pretend and live through the lens of a billionaire sometimes and so, you wrote the book called, *The Self-Made Billionaire Effect*, co-authored that and what's different, I think, about your book than a lot of other books out there about billionaires and rich people is that you focused mainly on the self-made billionaire. Can you define that a little bit more for us just to we understand who we're talking about.

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**MC:** Sure, and again thank you for having me on I'm really excited about this.

A few years ago, my co-author John Sviokla came to me to talk to me about value and from the context that we have so many clients that from PricewaterhouseCoopers where I was a partner that talked about creating value and you hear CEOs all the time talking about value. Why don't we study people who've created the most value and I asked him, I said, who would that be? And, he said it would really be the self-made billionaires.

There are number of, you know, hundreds of billionaires out there who I say earn their money the old fashion way they inherited it but the people who've created real value where those people who had an idea and took it all the way to market and created over billion hours of value through that process. We really wanted to focus on that population.

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**FT:** And, I understand to that talking about people like Mark Cuban, Sara Blakely, John Paul Dejoria, all of these folks that one point or another work for somebody else and left. So, that's interesting moment in their lives too. What point do they realize I have something bigger to contribute and where I met my employer as not going to be where I want to contribute? Was there any kind of discovery about that moment in their lives and what kind of things that they went through and but what through their mind or why couldn't employers keep them?

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**MC:** Well, I think that last piece that you just asked about is really critical one because when you write a book like this you never know where it's going to go and what we discovered was just that point that many of these people had worked with other companies and couldn't achieve their objectives and get the satisfaction they wanted by being in those companies, yet, those large companies that many of us in our firm deal with all the time are always in search of those people so why is there that disconnect if you will. And, it turns out that many of these people while they're – they obviously been successful when they went out on their own and web businesses in a particular niche or specialty within a company.

We're not actually the stars and, you know, many companies evaluate their people on in a narrow kind of fashion with respect to their functional area and in many cases these people not only left those companies in many cases they were actually fired and were really unsuccessful and but the same time what I think we try to convey the companies was that these people really thinking a very very different way and had different life experiences that are much more holistic and not as narrow that make them be the right kind of people to really think out of the box and create ideas that an create great value.

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**MC:** You touched on something really key which is life experiences and there are, I've discovered that, you know, a lot of times people who achieved massive wealth and success often times come from nothing and that sometimes one thing that they will credit to their success. They'll say, because I had nothing I had nothing to lose therefore I was more risk tolerant. I went out there I hustled but one of the, sort of, characteristics that you identify in the book, the broad areas of these self-made billionaires is that they're imaginative and empathetic.

The empathy factor is key, right? And, I think if you do have a life that is holistic and full and has a world view and maybe you come from very few resources that that that inherently makes you far more empathetic I think then others and how is that then help you as you are building a business?

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**MC:** Well, I think you know there's been a lot written about empathy it's a very common topic that's discussed a lot today. But empathy ultimately enables you to really put yourself in the shoes of a customer and think of things in a different way, that boy, at customer Sara Blakely saying, with Spanx, "Gee, I think women would really want this," Steve Jobs thinking of things in the different way that, "Gee, I think this would be really interesting and I think the market would want this," but to really think in those terms of how ultimate customer is thinking but the other piece of it is that.

And, there's plenty of people sometimes say, well, I had that idea, I had that idea, but did you really have the imagination and where would all to go out and then do something about it. And, not the just say what would be great we had this but and that's what these people do, they do, they take that next step.

But when we talk about life experiences and I want to make sure I convey this to your audience, you know, the one thing that I learn from a lot of these people is that they travelled, they took courses and things that were maybe a little bit off the beaten path. They had different kinds of jobs but they all I say the mosaic of their life that enable them to draw on these different things as they as they thought about things and, you know, I've done a lot of speaking in various colleges and universities and, you know, the generation that's in school today really many people want to get their degree, get that job, and at times I really encourage people to explore the - during their years at the university and maybe take some courses that maybe not remain to your particular major, very narrow area, but just things you're generally interested in and it may have an impact down the road.

Famously, Steve Jobs was asked many times about different colleges and universities he attended and I think he attended several. And he said the most important course he ever took related to calligraphy. Because it taught him that shapes and design, that ultimately became one of the fixtures of what Apple ultimately was all about. So, I really encourage people to, it's not a waste of time if you're taking something that you're really interested in.

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**FT:** How often did these billionaires in the beginning of their entrepreneurial path, said to themselves, I want to build a billion dollar brand? How much was the money a part of the goal?

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**MC:** Zero, and I think that's one when we're first ticking things off about wanting to create a billion hours of value. They were all to a person focused on, "No, I see a problem, I see a need, and I have an idea how to solve that problem or fill that need." Without regard to a particular dollar amount. Yes, everybody wants to create a certain amount of money but I can tell you

even as an angel investor and I do a lot of that today, when people show up I said, “Joe I want to make a lot of money.” Everybody wants to make a lot of money but let’s focus on what the ideas whether there’s a market, what’s your plan and how are you going to build the team and to all those kinds of things.

The money I think is all secondary and a byproduct of achieving the success of solving a particular problem. They don’t necessarily measure themselves by money. Something might fail and they may say, “Gee, I really learned a lot from that failure which enable me to do the next thing,” so not always keeping score the way many people keep score which is pure dollars and cents.

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**FT:** Right, it goes back to the other tenet from your book, which is they have a what you call, a relative view of risk and –

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**MC:** Right.

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**FT:** The other thing I wanted to ask about was the another tenet is the patient urgency, can you share more about that because that to me sounds like two words or never be in the same sentence, patience and urgency. What do you mean by that?

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**MC:** So, you know, there’s a bit of a myth out there. There’s several myths we uncover but one of them was that these ideas come up and they get to market you read about a Facebook or companies like that and all of a sudden they pop up and they’re worth billions of hours and a lot happened overnight, happened in the year. We looked at the data and, you know, we’re

numbers people so we look at data. On average it takes 10 years to achieve that, kind of, success and value.

The consumer may just see it on the backend. That requires a tremendous amount of fortitude and patience to weight that out. We have many entrepreneurs tell us that, "I knew my idea was the right idea but I can't control when the market will up we'll actually understand that it's something and I can't necessarily control that." However, the flip side of that is during those 10 years you're not just developing a product sitting back and saying, "I hope these takes off," you have this urgency to continually enhance it, improve it, promote it, to do all those kinds of things with a certain level of speed. But at the same time balance that out with recognizing, you know, may not happen overnight.

And, what we found was in, you know, there were instances where people had ideas that came to market and one of the reasons they were successful and somebody else wasn't was that people sometimes, sort of, give up and that is one of things about these folks that's very different they hang in there, they persevere. You will have setbacks along the way and one of the people we interviewed was Steve Case who started AOL and he said he felt his job as an entrepreneur was to smooth things out. You have these great highs were you're making an impact and you really think it is some things taking off. And you need to tell the team, okay, we need to, sort of, level it off and be able to manage this as we go forward.

But then you also have setbacks where maybe a product turn out you had a bug in it and it was a bit of a daughter you got some bad PR, you made a bad hire, and you have to bounce back from that to keep things in the middle on an even keel over a long period of time while sticking to your overall mission is to what you're trying to accomplish and not everybody can do that.

And, some of that is just I think intrinsic in what people – the way people are and sometimes life gets in the way and you say, "Gee, I have been at it for four or five years, maybe I'm married, I'm having kids, I have a mortgage, I need to do some things, maybe I need to out and get I'll say, quote-unquote real job," and unfortunately sometimes that's what happens and people give up along the way.

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**FT:** There are more billionaires now walking the planet than ever before, does that mean that it's easier than ever to become a billionaire or is it still as hard as ever it was?

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**MC:** I think it's well part of that as time goes on and vague and, you know, I actually at somebody say billion isn't what it used to be. But I don't think it's any easier or harder I think what may create opportunities is that the world changes at a much more rapid rate than it did before. And change is very often a catalyst for creating opportunity to create value and I think that's one of the reasons why people say and you can just look at, you know, just the digital economy and what's going on. What you see with things like Bitcoin and cryptocurrencies and things like that.

That just didn't exist years ago. When you look at the list of billionaires today, you know, many of them not all of them but many of them are in businesses that didn't even exist or could have existed 10 years ago. So, the real challenge for those people would be how do they maintain their relevancy and how do they make sure that they don't become obsolete and get overtaken by something else. I mean there was a time AOL was, you know, on a cutting edge of things and now it's not, obviously and I know people find this hard to believe but there may be a time when Facebook isn't the thing anymore and it's so the world changes.

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**FT:** Sacrilege, oh my god. Blast.

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**MC:** Yeah, the world changes, yeah, the world changes so quickly and I think that's one of the opportunities for entrepreneurs but also a risk.

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**FT:** Yeah, certainly an opportunity if you're anti-Facebook then go make your own, you know. The bottom line is people so want to connect, right, that I think has been true since the dawn of time so it's just about reinventing the way that we do connect.

Well, so much about billionaires I mean did you finish this book thinking, "Man, I'm – I didn't work hard enough to become a billionaire myself. I should have, I wish I could turn back the clock and, you know, get myself on that billionaire track or I don't know. What for you Mitch what was, sort of, like the, a-ha, from this book about yourself?"

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**MC:** It's a great question because you do reflect on yourself a lot. And a lot of people read the book, reflect on - look we wrote it what I would call or the outliers that people of the extreme and of the spectrum. But I think when you read the book you realize with certain things that I can do that maybe to move me up that curve a little bit in the way I look at the world and the way I conduct business and may improve my performance and may advance me in certain way. I give you one particular example that really resonated with me, you mentioned risk earlier and one of the things that we talked about is risk. Everybody assumes these are the greatest risk takers in the world.

And what we concluded was, yes, they take a lot of risk but they balance the risk of what to go wrong which is how most people view risk. Balance that against the risk on missing out or what could go right and I think when people think about opportunities whether it's a promotion or a new position in their company, whether it's taking on a new, you know, move in to a different company, whether it's their own idea that they're trying to develop. There's always going to be a long list of reasons why things could go wrong and I would never tell people to ignore those things but you need to really think about what could go right, why could be this successful and there's a CEO of a large company, a Fortune 100 company who when I explained it to her, she thought that was powerful and what I told her to do and she acted on this, I said, "Watch your meetings when a new idea gets rolled out see the balance between negative and positive."

And she realized that I did there very often I have new ideas to put on table. People very often find some reason why it won't work and it is a snowball effect. So, she took upon herself to

institute a rule that went, I know that idea was put out with our team, she wanted the next thing said to be positive and that depending rolling in a different way. So I ask people before they, when they have an idea about doing something, there's things presented to them to think about all the reasons why you're not going to take that risk.

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**FT:** So much is mindset, my goodness. I mean it really is, it's just get your work on your head first and then the numbers will hopefully follow.

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**MC:** Right, right.

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**FT:** Mitch you were a human of New York. We are digressing a little bit but I had to ask you this because I think it's so cool, that you got selected to be human of New York and tell us about how that happened, a little bit about the behind the scenes.

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**MC:** Listen, I wish I could say that it's because I wrote a book or did something famous but I was literally just sitting on a park bench in New York reading the newspaper when a gentleman who does the humans of New York happened to walk by and just asked if he could interview me and he did asked me a few questions and well and behold I round up in the book which I think probably got more publicity than almost anything I've ever done.

But an interesting thing about him. He actually that's become quite a brand in and of itself. He was somebody who actually worked on, because I asked him how he started doing this and he actually worked on Wall Street, work in the finance area during the financial crisis. He lost his job and he was a really great photographer and started going out and doing this kind of interviews on the street. And lo and behold becomes a really successful enterprise.

And, so you know in his own right he's a really very very successful entrepreneur. And, I know he had a finance background but he clearly had the gift of photography and the gift and the guts to go out in the street and just ask random people questions about their lives.

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**FT:** Yeah, so we're talking about Brandon Stanton he's the founder of Humans of New York. It started as a photo blog where he would collect portraits of New Yorkers and just to add what you were saying Mitch he's got over 18,000,000 followers in Facebook. 7 and a half million followers on Instagram and the book that you were in was on the New York Times best seller list for 31 weeks. That's something.

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**MC:** That's amazing and it's really amazing and so I mean I love stories like that and I mean he was a, he was really creative to go out and do that now I think there's a lot of people have that creativity in them but don't necessarily make that, that leap to try something new and they may be surprised at where that leads them.

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**FT:** Start small, that's what he did, he just started snapping away his photos and posting them on one platform and I think it goes back to that characteristic from your book which he's not a billionaire but he definitely knows how to execute and that is something that all billionaires have in them.

Mitch we should mention that we're both you know from Penn State and I think that it's worth maybe chatting a little bit about the value of a, of your college degree wherever you go and for me going to Penn State was not necessarily my first choice, although now I'm so thrilled that I went there, you know in hindsight, it's the best decision that I ever made when it came to my schooling but I think there are still some skeptics out there about where you go to school that you should go to a brand name. What's your thought on college in general? There are some

people who think don't even go to college, it's not really necessary. What's kind of your, a nutshell perspective?

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**MC:** Well, if I bring it back to the book I'll just say that there's not necessarily a correlation between the type of degree, the type of school, how far you went in school in getting a, you know, in creating a billion dollars of value we had as PhDs there is people with high school degrees, you know, it runs the gamut. I think and I would probably put myself in this category even going back many years, I graduated in Penn State 1981. I went primarily to get an accounting degree, get a job and I enjoyed my years at Penn State but what I've really learned over the years was I probably didn't get that much out of it because I was really focussed like many people today on, see I want to payoff my student debt, I want get through school, I want to get that job, I want to buy a car, I want to buy a house, I want to do these kinds of things.

And I really think that as hard as it may be there's college years are really the years, you know, you really grow, you have time to reflect and I think it's the matter of what you get out of that college experience and not jus trying to get the best resume. Do you really have a broad circle of friends. You have a diverse group of friends. Do you experience different kinds of things that are available within various colleges and universities. And, whether it's the top Ivy League school in the country or community college, I find that- there's all sort of interesting things and interesting people but you have to put yourself out there to do that and I think you know you talked about Facebook earlier and connecting in building networks.

Well, you know there's an old fashion way of building networks too in schools, in colleges. You need to spend your time in doing that kind of thing so I would never say that college education is not valuable, I think it's very, very valuable but I think it's valuable in a much broader basis if you really put yourself out there and experience what many schools have to offer.

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**FT:** I echo that and I will say that for me Penn State was an environment where I could be an explorer. It was a big campus which you could look at it negatively and say, "Oh I'm just going to

get lost and lost in the shuffle,” But at the same time to your point you know the next positive statement following that is it's so big we're so rich in resources and people. It's really it would behoove me than not top all of that and it really set me up for life because life is full of people. It's a big world and anyway, it's really nice to connect with you and I'm looking forward to our time next in Happy Valley.

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**MC:** Yes, it's always happy in Happy Valley.

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**FT:** Usually, usually.

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**MC:** Though - Farnoosh thank you so much for giving me the opportunity to share some thoughts on this and I have become a real fan of yours.

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**FT:** Thank you Mitch.

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**MC:** And, what you're doing and I'm really honored to be part of it.

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**FT:** Thanks Mitch, and thanks for all the work that you do.

[END]