

FT: Tim Ferriss, welcome to So Money, such a privilege to have you on the show.

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TF: The pleasure and privilege is all mine. So, thank you for having me.

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FT: Yes, well, I have to start with kind of a weird story. So, I've known you're going to come on the show for a couple of weeks now and in the run up to that I've been reading, consuming, watching, listening to everything I can get my hands on that you're in, that you're commenting on. And so, of course, naturally last Sunday, I go to bed and what happens? I dream about Tim Ferriss. But, what was even weirder, so I'm in your kitchen, there's like a holiday party going on, you're making drinks for everybody. You're Tim Ferriss. We all know you're Tim Ferriss but you are in Justin Timberlake's body. So, whatever, I don't know, I don't analyze dreams. I do remember my dreams very vividly, that's kind of one of my weirdness but I never know what they mean so I will just let the audience figure that out and if, audience, you know what that means, write to me. I'd like to know what this means.

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TF: You know, I want people to write to you as well because this is actually not the first time I have heard about someone having dreams involving me and Justin Timberlake.

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FT: No way. What?

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TF: On Twitter someone was mentioning that he and I were running through some type of like a maze with machetes cutting through younger branch so if someone can connect the dots as to why I seem to appear in dreamscapes with Justin Timberlake that would also be very fascinating for me to hear.

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FT: And, here I am thinking I was alone and singular in my amazing dream about Justin Timberlake whom I adore. I love Justin Timberlake. So, it's probably a good thing.

[01:36]

TF: I'll take it. I'll take it.

[01:37]

FT: So, Tim Ferriss, you know, don't need to give my audience here any kind of long-winded explanation of who you are and all your accolades but the truth of the matter is you wear a lot of different titles. You're a life hacker, human guinea pig, bestselling author, more recently a wildly successful podcaster. You've also been called the Most Interesting Man in the World, which is

spectacular. But, like many of us you started out, graduated from college, making \$40,000 a year, driving a huge van, which I believe the seats were stolen at one point.

[02:16]

TF: That's right.

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FT: But, the differentiating factor I think for you and correct me if I'm wrong is that one of the things that you did that really helped you stand out and really create a platform for you to then go on to become very successful was that you volunteered. You weren't chasing the money so much, you were chasing the skills, the experience. Can you take us down memory lane a little bit, back to like late '99, 2000 year when you were kind of like out of school, getting your grounding in your career and the road less taken that you took.

[02:51]

TF: Definitely. I landed in Silicon Valley and you know what, I mean I really had no network to speak of, no friends and just to step back even further, before I got that job. I think people might enjoy that story because the thinking laterally I think is very similar. So, I decided after visiting the San Francisco Bay Area to be interviewed for a job that whether or not I got the job at that company which I didn't get because the company imploded that I wanted to move to the Bay Area. And, at that time I couldn't afford to stay at a hotel so I stayed at a kickboxing gym. It was cheaper for me to pay for a fly-in training camp at a Thai kickboxing gym on Clementina at that time which is a very gnarly neighborhood between 5th and 6th and between Howard and Folsom in SF and I lived on the second floor on a bunk bed and I couldn't afford a proper ticket so it was a standby ticket that I used and I just wore my suit which I realized later nobody wears it but I wore my suit and I would wear my dress shoes and clean my clothing in the sink that was on the second floor and ultimately that is how I ended up filling my schedule with other interviews and got this job as a low paid technical sales guy that you mentioned for the, you know, the 40 grand a year with some equity that ended up being worth nothing. The way that I built the network was as you said, very simply through primarily volunteering and what I realized was I didn't have much to offer in terms of trades. It's not like I could ping the icons of Silicon Valley and invite them out to lunch and, by the way, people listening if you're in that position asking someone out to lunch so you can buy them coffee to pick their brain, it doesn't really work because they're getting thousands of those invites. And, the way I circumvented that was by volunteering at that time for an organization, I'm not sure if it's still around, called SVASE, which was the Silicon Valley Association of Startup Entrepreneurs and of course there are many others. There's TAI, the [inaudible – 05:02] entrepreneur and there's a new organization just about every week out here. But, I volunteered as a ticket taker or a ticket dispenser, I don't remember for one of their main events where they would invite speakers to be on a panel of some type and they would have long discussions and charge for attendance and so on. And, I just did a good job and when I say I did a good job, what I mean is I did what they asked me to do when they asked me to do it and it's astonishing how quickly you can rise to the top as a volunteer if you do just that because a lot of people who attend these events as volunteers feel like they don't have to do a good job because they're not getting paid. So, it's very easy to distinguish yourself. And then, I asked for more responsibility and I would do more than I was asked to do. So, if I saw that the iced tea

needed refilling I would go refill it myself if it wasn't getting done. And, that very quickly made me one of the few reliable volunteers for this organization and eventually when I felt the timing was right, I asked if I could attend one of the planning meetings for a major event, one of the main events where they invite these speakers and continued to help to the best of my ability since I had a full-time job and eventually they asked if who wanted to run the next event and there were people far more qualified but also far busier than I was and I raised my hand and everyone was kind of shocked and I was like "I'll run it. I think I can do it. I've watched these events, had been at every one since X point in time." And, that gave me the opportunity to then invite speakers I wanted to develop personal relationships with. So, I used the platform, the credibility of this not for profit or it might have been for profit but the organization to invite people to speak who'd otherwise never return a phone call or an e-mail of mine and the main draw for people who are wondering was not just speaking at the organization but the fact that SVASE would invite journalists from different media outlets, you know, the CNN, Forbes and so on of the world. And, that is how I was able to get people like, I basically made a laundry list of the people I found fascinating so the creator of the Pet Rock, the Founder of Clif Bar, one of the [inaudible – 07:21] who was the first to monetize or commercialize creatine monohydrate as a sports supplement and Jack Canfield, co-creator of Chicken Soup for the Soul and the list went on and on, Trip Hawkins, co-founder of Electronic Arts or maybe the founder those relationships over time some of them became very, very instrumental in my success, specifically Jack Canfield was the one who many, many years later introduced me to the newly minted agent, former superstar editor who became my agent and sold The 4-Hour Work Week despite being rejected 27 times before it actually got sold. And, what I would encourage people to do is explore that volunteering space which is really just unpaid work, view it as network building and play the long game. What I mean by that is you don't have to stay in-touch with really busy people just to keep in-touch. That's a bad move I think. So, e-mailing Jack Canfield every other week to say hi and send him a link to an article would've burned that bridge. It would have really made him mute to any type of request or e-mails and so I would genuinely only e-mail him once or twice a year maybe if I had a question that legitimately I felt he could answer in one or two sentences and he was the highest qualified person in my life to answer that question. That's it and that's enough. You don't have to keep in-touch. You have to make a very good first impression. That's your job.

[08:55]

FT: I think it was Zig Ziglar who said that 'you want to be a go giver in life before you are a go getter' and it sounds like you really kind of you followed that doctrine a little bit in your twenties which really got you so much in return without really you expecting it, right, you were just kind of doing what you thought was different and exceptional and good work and you were on time and you've been above and beyond and you anticipated people, small things, it's the small things, right, and made some pretty amazing connections as a result. We actually had Jack Canfield on the show recently so I know the power of Jack Canfield.

[09:33]

TF: Yeah and he's a sweetheart of a guy, he's a sweetheart of a guy and the other I would say and feel free to redirect the flow here but I think it's an important point which is you don't have to network or develop false friendships with people who are really, really good at what they do or high

profile who are jerks. You do not have to do that because there are within any given industry or space there are going to be people who try very deliberately to be the best at what they do but also to be generally good human beings and I think Jack is one of those examples and just as you'd only, you hear this very often in entrepreneurship only higher A players, if you have to wait then wait but only higher A players, I feel like that's true with networking. You should not compromise because you are the average of the 5 people you associate with most and you have to choose those people very, very carefully.

[10:28]

FT: Absolutely, I'd love if you would take us back even further, Tim, before you were in college. You grew up on Long Island. I'd love to hear one of your earliest money memories, positive or negative but was a memory that you still remember. It's vivid in your mind. It was influential on how now as an adult, as an investor, as a businessman you make decisions.

[10:53]

TF: That is a good question. Let's see. The first, there were two that came to mind. One was from my first ever job and then the second was from, actually 3, I'll give you, they're very short. So, the first one was my very first ever job which was working at a place called Snowflake on Long Island. This is in Amagansett. It was an ice cream shop.

[11:15]

FT: How old were you?

[11:16]

TF: I think I was 14 or 15 young and, you know, I should say this, my first kind of official. It wasn't, I'd done odd jobs here and there before hand but my first official job and I think I was fired. I was fired and I think I was fired after a few days or maybe a week or two. It did not last very long because I was very, I corrected the process. So, the way that things were being done was very inefficient and I just realized if you reordered a few things that you could finish in whatever it was a third of the time, a quarter of the time so I'd finish my cleanup responsibilities and then I would, you know, practice my martial arts moves or whatever the hell I was obsessed with at that time like in the back parking lot and needless to say the boss did not appreciate this and his way of punishing me was to ask me to clean everything again even though it'd just been cleaned and this did not create a great relationship between us and he didn't want the system to change. He didn't want the process to change. He wanted me to sweat as hard as possible to earn my \$9 an hour or whatever it was and eventually I got fired even though I was doing a great job. He didn't, because I didn't seem stressed out and I wasn't following this very inefficient rules, I got fired. Okay. Now, later, I ended up working in restaurants because I grew up as a townie in the Hamptons, for people unfamiliar with it, it's kind of like the Great Gatsby.

[12:51]

FT: It's a resort town these days.

[12:53]

TF: Yeah, it's a resort town. You have the haves and the have nots and as a have not, I could make the most money as a bus boy or a waiter during the summer months. That was big money to me at that time and I ended up working at a place called Maidstone Arms and we had to wear pink collared shirts and bow ties.

[13:14]

FT: And, it came out of your paycheck, right?

[13:16]

TF: Oh yeah, that was, I had to buy that with my money.

[13:17]

FT: It's so annoying.

[13:18]

TF: And, there were, what I realized and the reason I bring that up was I had all these experiences with, the old money folks were actually fine because they were kind of over the fact that they had money. They didn't wear it like some kind of badge or privilege. But, you had these people who had say newly inherited money or were married to people who had money who felt very, very entitle and they were the bane of our existence. And, I remember a couple of examples I won't go into right now but the opposite, the counter example I remember was Billy Joel used to come in and I think it was maybe once a week, at least on my shifts and he would get coffee and read the newspaper. That's all he would do and this, I wish I could remember his name, I want to say it was Gavin but I might be making that up, this waiter who said "You know what, for this one I'm going to let you wait the table." And, because he could see I was really excited and nervous by the fact that Billy Joel was in the restaurant and he let me go over and attempt to wait the table and Billy Joel was so amazingly kind and understanding. I was a nervous wreck. I was, you know, fumbling all my words and then I went back into the kitchen and I remember thinking I got to ask him an interesting question. I have to ask him an interesting question so I asked him how he met Christie Brinkley the next time I went out to give him his coffee and he gave me this like very calm long story, it wasn't rushed at all and I just remember thinking that I want to be that self-made man. He had earned it and he didn't put himself on a pedestal and that was my only interaction with him of course but I was just so impressed that someone who had probably ten to a hundred times as much money as these other people who were such miserable wretches and so unkind to people and he was very, very gracious. So, that was kind of point number 2. And then, the last one I'll mention is in college, I had been working for again, 8\$ or 9\$ an hour in the, I think it was called the Guest Library. It was this attic library. It was so horribly hot and I was listening to all of these self help books and reading all these self help books to try to figure out how to get to that Billy Joel point and I put together a seminar which was based on speed reading and accelerated learning and put it together based on stuff that I had learned for my own use in high school and college. And, I put it together and I couldn't afford to rent a space so I used basically a child care room at a church when it was off service. It was full of like easels and chalkboards and crayons and what not. I mean it was a romper room and I had about 30 people show up at 50\$ a pop for 3 hours and I remember leaving that seminar with just like pockets full of twenties and pockets full of checks and they wouldn't fit in my pocket so I had to hold like pin

these handfuls of bills to the grips on my bike and ride it to the PNC Bank to deposit it as quickly as possible. It's the most money I'd ever seen in my life, certainly held to my hands as whatever it was, you know, 1500 bucks and that just showed me that, it proved to me that it was possible, that it was possible to just pull something like that off and make people happy. I mean I had an incredible guarantee and people were thrilled with it. I mean I went kind of above and beyond and I was able to replicate that. And so, I think that that first time riding to the bank, you know, just smiling ear to ear realizing like I do not have to have my time and necessarily correlate to some low per hour rate. Like, I don't have to go from 8 to 10 to 15 to 20. You can go from \$8 an hour to \$1500 an hour or \$1000 an hour if you structure it the right way. So, those were a few that come to mind.

[17:30]

FT: Is Snowflake still around?

[17:32]

TF: Snowflake is not still around. It went out of business. And so, you know, so you can read into that, right?

[17:39]

FT: Yes, exactly.

[17:40]

TF: Snowflake went out of business and it's been replaced by some type of sort of Lobster and Crab Seafood place. I think it's Bostwicks or Bosworth, something like that in Amagansett. So, if anyone wants to see the relic, what has replaced the footprint that used to be Snowflake then that's where you can find it.

[18:02]

FT: I ask this of all my guests, Tim, what is your financial philosophy? Do you have a money mantra that, maybe it's conscious or even subconscious but upon reflection, yeah, it turns out you do have kind of a way of thinking when it comes to money? It could be related to how you spend, invest or earn?

[18:22]

TF: Yeah, I think we all do. Whether it's explicit or not, right, so we have sort of conscious philosophies or subconscious philosophies and behaviors. So, my conscious beliefs and sort of frameworks around money, finances would be, number 1, the purpose of investing is to improve your quality of life. It's not to, the intermediate step is achieving a reasonable or aggressive rate of return but the ultimate objective of investing is allocating resources to improve your quality of life and the reason it's important for me at least to define it that way is that not all forms of investing are suitable for all people. In the same way that not all sports are suitable for all people. Some people are daredevils and they love base jumping and what not but they can't stand the tedium of say like table tennis. Other people are the exact opposite when they find table tennis incredible. For me personally, I've been very successful in the public markets, investing in publicly traded stocks and

equities for instance but it turns me into an anxiety ridden lunatic where with incredible of massive depressive swings depending on what's happening that day and what the cover of the Wall Street Journal says and so on. So, I've learned from myself that even if I achieve a high rate of return in a publicly traded stock, it is a bad investment. Why? Because it decreases my quality of life, even though I'm making money I'm miserable doing so. I'm worse off than when I started. And, for that reason I have found, for instance, Angel Investing. I've had a lot of success in Angel investing with Uber, Evernote, Twitter, Facebook, a lot of startup companies because it's a binary decision for me where I do my homework. I do a ton of due diligence. I make an investment or I don't and then I live with that decision until there's an exit or a failure basically. And, because I can't, there's no use to second guessing myself. I have lower stress about these all or nothing binary bets than I do about putting a small amount of money into a stock that I can watch, jump around on a daily or weekly basis. So, number 1, is good investing improves your quality of life and that's investment of capital, that's investment of time, that's investment of attention for instance. The second thing I would say is that I am a huge proponent of stoic philosophies, specifically Seneca the Younger. There's a great book called Letters from a Stoic. You can actually find if you look for Moral Letters of Seneca, you can find it as a public domain and I'll actually be producing audio books. They're almost finished for all of them and the reason being that I find Stoicism, particularly as proposed and described by Seneca to be very, very useful in high stress environments as sort of an operating system for making decisions. And, how does this relate to money? Well, Seneca would say, and of course this is not in the original language but paraphrasing 'that you should learn to value only those things that cannot be taken away' and one of the ways that you can go about that is by having a low burn lifestyle to the extent possible and, for instance, I recently literally a week ago had my Volkswagen Golf give up the ghost, just died, you know, the gear box basically exploded and I had had that used Golf, I bought it used in 2004. So, I've had that car for 10 years and in San Francisco it gets scratched, had a homeless guy rip off the antenna and I didn't care. I wasn't attached to it and I think that if you can control some of these vanity investments to the extent possible, you realize that you can make seemingly terrifying decisions. You can leave your job. You can start that company. You can maybe do both at once like or you could keep your job rather and moonlight as an entrepreneur and that the worst case scenario is not that bad. So, practicing poverty is also very useful where at you would allocate a few days or week, say per quarter, per month where you spend, say \$10 a day or \$5 a day on food. It's like, okay, you eat rice and beans and you realize even if I take the leap, I end that relationship, I start the job, whatever and I end up having to sustain myself on a fraction of my current income for a period of time it's not that bad. I can whether that storm and by rehearsing the worst case scenario, it gives you courage and confidence to try things you otherwise not try.

[23:12]

FT: Right, it gives you perspective and this actually reminds me of something that Tony Robbins once said. I actually went to his Unleash the Power Within event in New Jersey. Have you ever gone to one of these, Tim?

[23:22]

TF: I haven't but I would.

[23:23]

FT: It's amazing. I mean I just kind of went to see...

[23:25]

TF: I'm very impressed by Tony.

[23:26]

FT: Yes. Yes. You got to go. And, one of the things he said was that 'Success without fulfillment is failure' and I want to transition now to talking a little bit about your definition of failure and, personally, what is a personal financial or business failure that you experienced that from there, you know, you were able to ultimately turn that into a really viable, teachable experience for yourself?

[23:55]

TF: A financial failure, well, the first one that comes to mind is an entrepreneurial one. I've lost money on trades and so on before as well. We can talk about that if you'd like. The first one is an entrepreneurial example, right on the heels of my seminar, the speed reading seminar, I thought, "Well, this is great but what would be even better is if I didn't need to be physically located at a seminar to give each and every seminar." So, there are different ways to skin that cat. I could hire people like try to create some type of franchising model but I decided I wanted to have a physical product. So, I created an audio book that would teach people, it was called How I Beat the Ivy League and it was about how to optimize your college applications to get into schools where perhaps based on your track record, your report card or your SATs you shouldn't be able to get in because I attended Princeton undergraduate but I flubbed my SATs. I really screwed them up and it was a couple of hundred points below the sort of median for people accepted. And so, I put together this audio book and I was convinced it would sell itself, spent a ton of time on it, took out the vast majority of my savings and invested in having, I don't know, 500 or 1000 tapes produced and proceeded to sell exactly I think 2 of them, one to my mom which I found out kind of after the fact and the lesson I learned there, there were two big lessons. The first was you should not make a product and then find your market. You should chose your market and then make your product, if that makes sense. You should know exactly who you're making something for and not get stuck as a lot of engineers do, creating something with a bunch of features and then attempting to figure out who you're going to sell it to. I approached it in exactly the opposite way if I wanted to minimize risk. Second was I produced and paid for, you know, whatever it was, 500 to 1,000 tapes because I was seduced by the lower per unit cost and that's really, really, really dangerous. But, what I should have done is paid, you know, 3 or 4 times the per tape cost. Even if I lost money on a per tape basis in the beginning so that I didn't have such a huge capital investment right up front. And, if I'd been even smarter, in this day and age, what I would have done is used something like Leap pages or unbalanced one of these tools online to create a landing page and test the author before I even made the audio book and it's never been easier to do that type of test. But, those are the first 2 that come to mind.

[26:44]

FT: Well, let's flip it now. Let's talk about your So Money moment. You've had so many financial and business and career wins but if there was one that you are particularly proud of that maybe you

don't get to talk about that often, maybe it's not something that the public sees, I'd love to hear that.

[27:03]

TF: Sure. The first that comes to mind, I mean there are startups I've done really well like some of those I mentioned but I want to try to provide and answer that might be actionable or helpful to people who are not involved with startups. I became involved in startups or the way I approached it I think is the way you could approach different types of investing and that is education. So, this should sound somewhat familiar. It's actually comparable to what I did with the non-profits to develop my network. I had fantasized after graduating from college and moving to Silicon Valley about going to Stanford. I had this somewhat exaggerated high in the sky image of Stanford in my head. It would just held this very vaunted position in my mind and I fantasize about going to business school there and I had gone, you know, about half way or 3 quarters through the application process twice at one point and I just realized, you know, I'm not going to do this. It doesn't make sense for me as romanticized as Stanford is in my head but I was spending time with a friend of mine who is an Angel Investor and now a very successful venture capitalist named Mike Maples and I decided that I would take the amount of money and this amount could be far less for people who want to explore this type of thinking but I decided that I would take what I would've spent on Stanford Business School, which is very expensive, it would have been about \$120,000 for 2 years at that time, that I would take that amount of money and I would allocate it to investing in startups and that I would assume I would lose all of that money, In other words I wouldn't recoup any of it. But, that in the process of reviewing all the deals, looking at all the companies, meeting with all the founders, looking at their successes or failure that 120,000 over 2 years, you know, the Tim Ferriss educational fund, would teach me lessons that would allow me to earn that back many times over after those 2 years and it worked out. I mean it worked out in so much as not only did I learn many, many, many lessons that later helped me to sell my own company for instance because I realized it wasn't as hard as I was making it out to be in my head that I didn't lose all my money. I had a few successes and I was able to identify what I was good at, what I was bad at but even if I had lost that money over 2 years I would have come away with learnings that then, like I said allowed me to sell my own company and make back much more than that. So viewing, having an educational allocation in your budget for learning about investing I think is very important so that you're able to develop good process. Living in the world of investing, a lot of people, you can have terrible process. You can make a great investment for all the wrong reasons and you don't want to develop the habit of rewarding that because ultimately you'll lose. You can lose it all.

[30:07]

FT: Exactly.

[30:08]

TF: And so, and similarly though if you have really good process and you have a bad outcome, you shouldn't beat yourself up. You shouldn't beat yourself up over it. I mean if you made the best decision you could with all the information that you had and you could get a hold of at that time that should be rewarded. If it is a good process and [inaudible – 30:28] over time you're going to be successful. So, that's one of the biggest challenges in investing of any type is making sure that you

focus on process over outcome to the extent possible and I think having a small amount of money or, and 120K to me at that time, don't get me wrong, was a very significant chunk of money but I was thinking of spending it anyway on business school. That's how I justified it.

[30:52]

FT: Well, this sort of dovetails this question that I got from a listener. I asked my listeners 'what would you ask Tim Ferriss' and I have a really good from a listener named Brian. Thanks, Brian, for sending in your question. He wants to know, Tim, what business would you create right now given your 15 years of experience? He said he read The 4-Hour Work Week in its first printing but he was never able to get traction with anything that he chose. He's in a stable work situation so he's making money and he has enough free time and capital to start an online business. What would you say to him?

[31:29]

TF: I would say and I get questions like this...

[31:33]

FT: I'm sure, yeah.

[31:34]

TF: A lot as you can imagine. If you were starting over and only had \$500, how would you make \$10,000 in the next month? I get a lot of and I'm not saying that to disregard this question. I will answer it. But, my recommendation would be to, number 1, 4-Hour Work Week news sections are helpful, you could certainly go to my blog and look at news examples. I think that's, some people are inductive and other people are deductive and I feel like many people will come up with better ideas if they just review a bunch of examples as opposed to me saying "Here are the principles, go create your own examples." So, if you go to The 4-Hour Blog.com and just look at the news example category, all of it's free, I think that could be very helpful. A few other resources and then I'll tell you why I'm giving these resources and not one pat answer. The 22 Immutable Laws of Marketing, I think is very helpful for thinking about positioning. And then, lastly, I think that often times people who do not, people who don't find a business idea that gets traction, don't get traction because they don't really test. They don't have a handful of ideas to test. They have one idea and that is a very slow and resource intensive way to go about doing things. If you're going to test one idea, it only takes perhaps 10% more energy to test 3 or 4 ideas and there's a competition going on, at least at the time of this conversation through Shopify. So, if people go to Shopify.com/Tim they can see it. But, it's an opportunity to get resources. They have free articles, even if you don't join in, for choosing your product or service, right, so how to choose your product and they walk through some of the methods that are very up-to-date on how people do research and analysis to choose a product. But, it is fundamentally a very, very personal decision. I can't say [inaudible – 33:36] really hot right now. You should do A, B and C or everything's moving to virtual reality, you should do D, E and F. That would be irresponsible of me because coming back to one of the lessons that I mentioned, you have to choose your market first and then your product and the way you choose your market is by identifying what demographics with psychographics you understand intimately and very often times at least for me that's a demographic that I belong to. And, when I wrote The 4-Hour Work Week, I

knew I was writing for 2 very specific friends of mine. That's how I wrote the book. And, they were both in the let's just say 20 to 35 year old text savvy male demographic and it doesn't mean that the book is only for those people. The target and I can't recall who said this but, you know, the target, the initial target is not the market, right, and my audience is now almost 50 split but in the beginning you have to know who you are selling to and if everyone is your customer then no one is your customer and you will waste all of your money. So, the short answer is you need to decide who you are targeting, who are your thousand dream customers. What do they read? What do they eat? What do they watch? What does their day look like? What kind of jobs do they have? What kind of cars do they drive, if any, etc, etc? And then, and only then will you be able to say go onto Facebook and thin slice it and try to run test advertisements for \$100 or \$200 instead of saying "This widget will sell itself, let me blow all of my savings on one remnant ad in USA Today." That is a bad way to go about things. So, that's perhaps a longer answer than expected but it's a very, very personal decision and you have to play to your strengths and you need to decide on your market, you hundred or thousand ideal customers first.

[35:25]

FT: And, this person has a luxury of having a job right now. So, you have income coming in. You probably have your nights free or your weekends free, optimal time to be really researching this. And, thanks for the responsible answer, Tim. That was, I like that answer.

[35:39]

TF: Yeah, my pleasure and it's not just responsible. It is a risk mitigating answer and I think that people have a vision in their heads often times of entrepreneurship as this Wild West, throw caution to the wind, you know, jump off the cliff and learn to fly on the way down type of activity and I don't view it that way at all. I'm very, very conservative and I'm all about minimizing risk and downside. Richard Branson would say the same thing. So, I always recommend, when people say "Have a job" like you said, that is when you test for a potential business of your own. You don't quit your job and then hope to figure it out. That is a very dangerous way to go about playing games.

[36:23]

FT: So, we're almost wrapped here, Tim, and in my pursuit of getting guests to deliver non-obvious answers, something that you strive to do as well with your podcast. I've got a number of rapid sentences that I'd like you to finish.

[36:37]

TF: Sure.

[36:38]

FT: Hypothetical, if you had infinite money, let's say you won the Powerball tomorrow, what would be the first thing you would do?

[36:48]

TF: First thing I would do is hire someone to help me invest in world changing startups.

[36:58]

FT: What is, okay, the one expense that makes my life easier or better is _____.

[37:10]

TF: Paying for wash and fold laundry and house cleaning.

[37:16]

FT: When did you start outsourcing that? Was it previous to 4-Hour Work Week? A lot of people on my show ask about outsourcing and some are on the fence about it because they don't think it's worth their money. Do you have a formula for figuring out like when it's worth it to outsource those kinds of things?

[37:31]

TF: Yeah, the general formula is you take your, if you assume that you work 40 hours a week roughly, you can take your annual income, let's say it's \$50,000, you chop the last 3 zeroes off so you end up with 50. You cut that in half, that's 25. That's how much you make per hour. You make \$25 an hour. So, if you can hire someone for you know, \$5 an hour or \$10 an hour to do something you hate or that consumes a ton of your time or half of your weekend then that is very often times a very smart decision, a very smart calculus and if you look at it is almost impossible to find anyone who has made millions of dollars who doesn't delegate at least a handful of time consuming things in some fashion. And, by outsourcing, I think it's often times helpful to think of it as delegating because outsourcing conjures images of, you know, a huge call center in Bangalore or something like that but it could be as simple as using a...

[38:30]

FT: Task rabbit.

[38:31]

TF: The task rabbit or Uber instead of buying a car and paying for insurance every month or something like Zirtual, which is actually US based virtual assistants, based out of Las Vegas which is quite good. So, that's my general approach.

[38:47]

FT: My biggest guilty pleasure that I spend a lot of money on, probably too much but it makes my life better, besides the laundry outsourcing but this is like a bigger expense that is very Tim Ferriss of you.

[39:02]

TF: The laundry's not expensive, on a side note.

[39:04]

FT: Right.

[39:05]

TF: For me to buy a washer and dryer and add on top of that the value of my time, the cost of buying a washer and dryer I can get the laundry done for probably several years. The guilty pleasure, I tend to reward myself if I finish books. I'm very tough on myself but when I, I have 2 antique Japanese saddles and I bore, I bought the saddles after having experienced the Japanese horseback archery called Yabusame in Japan. If people want to see me attempt that, they can just Google it and find it online. It's insane and extremely dangerous. But, after that experience, I have this long standing love affair with Japan having been there as an exchange student. I, for the very first time in my life bought these 2 saddles at auction, probably from the 1700s or 1800s, 2 antique Japanese saddles. Those would be 2 guilty pleasures of mine.

[40:09]

FT: And, I did not know that.

[40:12]

TF: I don't think many people do. I'm not sure, not something I talk about, really but they're worth several times more than the POS, Volkswagen Golf that just bit the dust.

[40:24]

FT: Did you buy them with the hope that you would sell them later and make money or was it just something that you really...

[40:28]

TF: No, zero.

[40:29]

FT: Yeah.

[40:30]

TF: No, not at all and this comes back to the investment. There are many different ways to get a return on investment. For me, it's a quality of life. It's a trigger, it's a visual trigger in my home, in my primary environment that elicits positive emotions and optimism and if you were to look at everything in my house, it is very, very tightly curated because I moved about a year ago and got rid of probably 75% of my stuff. Everything is very, very carefully curated to elicit the type of emotions and optimism or ambition that I want to have.

[41:02]

FT: When I donate I like to donate to give to _____ because _____.

[41:06]

TF: When I donate I like to donate appreciated stock for a lot of tax reasons but also cash to DonorsChoose.org or other educational focused non-profits because I feel that education is the root

of almost all of our problems and all of our solutions so we can, if we can created problem solvers not just throw money at band-aid solutions to problems I think we'll all be better off. So, DonorsChoose.org which I also advise is where I donate quite a lot of money.

[41:43]

FT: Wonderful. And, finally, I'm Tim Ferriss and I'm So Money because _____. My guests either love or hate this question because they, yeah, they hate bragging or your just like so into it, so.

[41:59]

TF: Let's see. I'm Tim Ferriss and I'm So Money because I view my life as a series of reversible two-week experiments. I experiment a lot and I'm not afraid to suck.

[42:13]

FT: I love that so much and I wanted to ask you earlier about that because for so many of us, we start these projects, we start these goals that maybe very intimidating or very time consuming and so what do we do? We stop achieving them. We stop. We fail. We give up our resolutions, our goals. So, what you do is you kind of give yourself a deadline, like 2 weeks, 6 months, whatever it is but it's almost like comforting, right, to know that you have an out.

[42:41]

TF: Definitely and you gather and the point is to gather data and there is no, if you, in the world of experimentation, failure's just feedback, you have a hypothesis. I think, for instance, you know, this will do that, this will do that, X will sell Y number of units to Z type of people. Okay. I'm going to allocate \$200 on Facebook to test that hypothesis and it's not a failure if it doesn't work. You just identified something that doesn't work so you can move on and try something else. And, I also think different people are wired differently, you have to choose a system that works for you. Not everyone is the same. In my particular case, if I tried to make a 5-year goal or a 10 year goal, a few things happen that are very unproductive. The first is to have a reliable 5 or 10 year goal, you almost by definition have to aim below your capability. Does that make sense, to know for a fact that you can accomplish this long chain of things for 10 years, you have to aim at things you can very comfortably achieve and I don't want to be comfortable. I want to stretch myself. I want to get better. The second thing is if you try to create a long term goal and again this is just my personal approach, I don't think it's right for everybody. When I try to create a long term goal, you develop tunnel vision and you ignore better opportunities that come up. So, for me, people ask me like "What are you doing after the book launch?" and I say, "I don't know." Because, after the book launches doors may open, people may present themselves, opportunities might appear that are better than anything I could possibly conceive of right now, more interesting than anything I could currently write down on a piece of paper and I think part of the reason that I've had the success that I've had is I've been, I've had these short term experiments and I've been, I've allowed opportunities to present themselves without being blinded to them by looking at this goal 10 years off in the future. It's not right for everybody but it's the right approach for me.

[44:38]

FT: Well, Tim, we thank you for sharing your time with us today on the show and just a reminder to listeners, I'm giving away 5 Tim Ferriss eBook bundles, each will include an electronic copy of his 3 bestsellers, 4-Hour Work Week, the 4-Hour Body and the 4-Hour Chef. Tim, wishing you continued success with all your experimentations.

[44:58]

TF: Thank you so much. Thanks for having me.

[END]