

Conventional Wisdom Principle (stone cold truth)-If you follow conventional wisdom from conventional people living conventional lives, you will get exactly that: a conventional life. And conventional lives are not underwritten by dreams, but by servitude-the rat race

1. *If you want to live like the 1%, you can't think like the 99%.*
2. *The harsh truth doesn't care about your beliefs (Truth is independent of belief)*
3. *The rat race is filled with liars. Your first step is to stop lying to yourself*
4. *Every day you make thousands of choices, including what to think and feel.*

Comfortable Pain Principle: Give a man a tolerable job that pays just enough to provide mediocre comfort and I'll show you a man who won't change a damn thing

Someday Principle: regards someday as never.

Economic Religion Principle: the rat race is a life theology where your participation is conscripted, and then expected. It is presumed that you will willfully partake in the rat race paradigm as one of two players

1. Shopping-rat-someone who is promised happiness, respect, and fulfillment as a function of conspicuous consumption, i.e. Mercedes over Honda.
2. Savings-rat, someone who believes that saving a hundred bucks a month from her job while penny-pinching will make her rich, provided she patiently invests it in a Wall Street-sponsored indexed-fund for many decades.*Live within your means with the intent to expand your means.*

*The best way to keep slaves obedient is to make sure they don't know they're slaves.*

*Script behind the Script, the gospel that powers the scheme: 1. [S]CHOOLING 2. [C]ONSUMERISM 3.*

*[R]ESPONSIBILITY 4. [I]GNORANCE 5. [P]ROMISES 6. [T]AXATION*

Honeypot Principle: scheme that tempts divergent behavior, but it still is part of the system.

Slowlane: financial plan of optimizing mediocrity, a stale creed that if you live poorly today, depriving yourself of daily lattes, new cars, nice restaurants, and regular vacations, you can live richly later.

*Champagne hypocrites preach rat race constructs (jobs, stocks, frugality, patience) while they get rich with leveraged entrepreneurship (book sales, money management fees, seminars, financial products).*

"Lost Principle" Principle: a standard rat race investment is subject to a negative 60% return (you exchange five days of work for two days of weekend freedom)

Discounted Time Principle: future "elderly" time is not as valuable as today's youthful time.

Prioritization of life's resources: Time first, money second. Our time needs to earn both money AND time.

Offense/Defense Principle: real financial freedom not subject to devout frugality or minimalism only happens with a potent offense. Offense wins the game in ten years or less, defense preserves it for the next fifty

Bad Math Principle: every person stuck in the rat race is subject to unscalable and uncontrollable math, namely, no leverage. Truth is, every Unscriptee who's successfully freed themselves did so through some type of mathematical leverage.

3 rat race anchors that keep the Bad Math Principle active in your life.

1. Anchor one: Income and wealth are correlated to time: If more money is needed, more time must be traded
2. Anchor two: Time cannot be scaled: When you have a wage-paying job, your income is limited by the number of hours you work.

40 hours a week @ 20/hour = \$800 a week

40 years of work @ \$50,000 a year = \$2,000,000 lifetime earnings

If time was scalable...

400 hours a week @ 20/hour = \$8,000 a week

400 years of work @ \$50,000 a year = \$20,000,000 lifetime earnings

No matter how energetic you are, you can't work 400 hours a day, or 400 years. Time cannot be scaled.

3. Anchor three: Rat race economics cannot be scaled: When a gazillion people can do what you do, you have no leverage. Wage- and salaried-rats are stuck with what I call Uncontrollable Limited Leverage or ULL. And "ULL" means you'll never escape.

Professional athletes and celebrities are one of the few professions that can disrupt ULL. Fame equals leverage and favorable economics. The human talent itself is the system of leverage, usually as an outlier skill. Most educational sources promote bad math strategies: save a hundred dollars a month, invest for forty years, hope for eight percent returns. Numbers like 100, 40, and 8% doesn't create wealth fast, it creates wealth old, or never

POLYMORPHIC PAY PRINCIPLE (To convert time into an ally INVEST IN TIME, STOP TRADING IT): when a past time investment continues to yield future income. Sometimes indefinitely.

1. Yield on a good time investment pays more time, namely free time. Money earned while not working is a payment of free time. And this phenomenon only comes from business systems. Monomorphic pay is rat race's default method of payment—trade time, earn money
2. Anytime you invest in a business system through a specialized-unit, whether successful or not, you're an investor of time seeking to get a yield of polymorphic pay eventually. The specialized-unit is the invention and the channels that sell it are the business system.
3. An actor can earn residuals on scenes acted long ago, as in widely syndicated television shows. An author can earn royalties from a book written years ago. My books have been translated into over 25 languages, and I get royalties on all of them.
4. All my business systems that pay polymorphically took years to build—a period where the pay was poor and the work long. Passive income is for amateurs, polymorphic pay is for the professionals

Consumer/ Producer Principle: your annual report reveals your role in the rat race

When you want to investigate the health of a corporation or assess an investment, you look at its annual report—the math: cash flows, income statements, balance sheets, margins, profits, revenues, debt, rate of return—all data points which offer an unassailable look underneath the hood. By law, corporations need to report the truth, or it's fraud. reveal your role as either a rat on Team Consumer, or a scientist in Team Producer

1. Gross Annual Production (GAP): total production value you and your assets generate in the year. job salary, investment returns, business profits, real estate holding, anything that has sellable value
2. Gross Annual Consumption (GAC): any liabilities incurred, total expenses, such as food, cars, housing, healthcare, and entertainment
3. Annual Net Existence (ANE): your net production or consumption for the year negative AND- consumed more than you produced for the year positive AND- produced more than you consume
4. Net Worth (NW): cumulative sum of every ANE figure since you were old enough to work. simply your assets minus liabilities.
5. Research and Development (R&D): annual sum of hours you spend developing yourself— namely, the knowledge and skills for excelling in a scientist's world

PASSION PRINCIPLE: following your passion is a horrible business model

1. A glut of supply means three things, all seeding a bad opportunity: 1) Increased competition due to everyone chasing the same passion, 2) Depressed margins due to commoditization and limited differentiation opportunities, and 3) Diminished leverage and poor probabilities. Eg: If there are 70 million other “digital marketing” companies you're bidding against, expect leverage to be thin and probabilities to be poor.
2. Enduring determination doesn't come from passion but from purpose. Your effort itself must induce passion. Winning and self-growth generate passion; losing and marinating in comfort does not. Stop following passion; have passion follow your effort

JOB PROXY PRINCIPLE: when your company's entire revenue stream is sourced from one patriarchal company and subject to instant ruin. When one person in one company can instantly kill your business with one decision, you're playing Russian Roulette. A big YouTube channel is a great asset and it can thrive for years unblemished.

THIRSTY RAT PRINCIPLE: you can lead a rat to water, but you can't get him to drink.

PROCESS PRINCIPLE: every success story started with a big goal followed by a disciplined process of many trials, repetitions, unseen failures, and adjustments.

PROBLEMOLOGY PRINCIPLE: the moment you decide to be an entrepreneur is the moment you decide to be a lifetime problem solver. Largest industry in the world is the business of shortcuts

SHORTCUT PRINCIPLE: anytime you search for a shortcut, you'll likely go on a detour and get unsatisfactory results. Shortcuts are events looking for the results of a process. And it's the easiest sell in the world.

COMMODITY PRINCIPLE: if you sell a commoditized product, you ultimately won't compete for profit but for poverty (COMPETE FOR PROFIT, NOT POVERTY)

EASY GOES HARD PRINCIPLE: the easier it is to start your venture, the harder it will be to succeed at it (ACCEPT EASY NOW, SUFFER HARD LATER WHILE HOPING FOR LUCK ALONG THE WAY) A business that provides genuine relative-value can take weeks, months, or years to build—not hours. the

easier it is NOW to enter a business, the harder it will be LATER to make money. An “easy” startup process has a high price. More competition. Depressed margins. Saturated marketing noise and elevated advertising costs. More stress and less pay. Carry the right expectations. Starting a business (solving problems, improving products, and skewing value) is like losing thirty pounds

IMPERFECTION PRINCIPLE: anything that can be improved is a business opportunity

STAKEHOLDER PRINCIPLE: when a business abandons its customer as a top priority in the stakeholder chain. Almost every company traded on the stock exchange is an adulterous corporation. Adulterous corporations are one of many market imperfections ripe for opportunity as they cheat their customers in favor of other mistresses: shareholders, employees, C-Suite Executives, investors, and Wall Street analysts. For privately held companies, priority stakeholders could be partners, VC investors, private equity firms, banks, or even spouses

If your favorite company goes public be warned. Expect higher prices and lower value You cannot serve two masters at once

“FORCE DOESN’T AWAKEN” PRINCIPLE: talent and skill doesn’t emerge or awaken, it is earned. In all cases of future excellence, it was earned in the past through a disciplined process in pursuit of exceptionalism. My true skill-building and learning began when I leaped into the world of entrepreneurship: my skills and knowledge accumulated: programming, Excel, Photoshop, wordsmithing. 2 core skills: DECISION-MAKING AND PROBLEM-SOLVING (ability to analyze data and situations and set a course of action) & COMMUNICATION (ability to sell never ends -Pursue talent and skill as if your life depended on it. Because it does)

HOT STOVE PRINCIPLE: handle college as if it were a hot stove, it can cook you something good, but it can also burn you. A relative-value degree is any degree that is based on a skill or expertise that has marketplace demand. Extract penny from your pocket: Government buildings, University campuses, Religions (church, temple, mosque), Casinos. A greater-fool degree is any study, usually liberal arts, that denies both economic reality and relative-value. Eg: Philosophy, art history, gender studies, critical theory on 19th-century feminism, renaissance poetry. Show me a great web application you coded and boom, you’re hired. Dont care about degrees, care about skills

MARKETING TIEBREAKER PRINCIPLE: marketing represents a basket of value skewing opportunities. Value skew- Attractive product labels, Persuasive copy, An emotional story tied to your company’s mission, Attention-grabbing headlines. At the end of the day, your career as an entrepreneur also needs to be a career in marketing. Focus on the marketing discipline, and you expose yourself to multiple skew opportunities, even in crowded fields

DONE KILLS DOUBT PRINCIPLE: visible success kills doubt and nails it in a coffin. (STOP TALKING, START DOING) Never live within the parameters of someone else’s opinion unless you want to live within the parameters of their existence.

EXECUTION PRINCIPLE: all ideas suck unless brought to life by execution(YOUR IDEA SUCKS UNTIL EXECUTION SAYS IT DOESN'T)

OLD FRIENDS, OLD WAYS PRINCIPLE: as you grow and morph into a NEW you, old relationships will fight for the OLD you(BEWARE OF OLD RELATIONSHIPS AS YOU FIGHT FOR A NEW YOU) Dead weight (friends, family) don't support your growth or success, they encourage the status quo

DRAKE EQUATION PRINCIPLE: a business plan is like a modern-day Drake Equation with so many immeasurable variables that such a plan is practically useless.

DESERTION PRINCIPLE: your business process will be difficult, and motivation will wane, to the point of quitting

BASEBALL PRINCIPLE: one swing at business, or better, multiple swings, does not make you an entrepreneur

CINDERELLA PRINCIPLE: business based on a fad (short lived trend) has an expiration date because they have a self-extinguishing demand (BUSINESS WITH AN EXPIRATION DATE IS NOT A GOOD BUSINESS). Best method for identifying fads, trends, or mega-trends is to identify the trend's utility-value and its cultural relativity. Will culture (government/media) support the trend through time? And will that evolution change society? Or is the utility-value static and a function of taste or trend? Think cars over horses. Email over postal mail.

ACTION-FAKING PRINCIPLE: any action or expenditure that doesn't move you closer to the critical path is an action-fake. Action beats activity, Activity wastes time: action attacks the critical path. Stop worrying about distant problems when you haven't even made your first buck or found your first customer.

NO LIST PRINCIPLE: asserts that there is no list, no exacting roadmap, and no mentor who will hold your hand to a successful business. The more difficult it is to start and launch, the more potent the opportunity. If it's easy now, it will be hard later.The chasm between these signposts is your knowledge gap, which can only be closed with engagement: trial and error, adapting, and skill-building.

ETHICAL ENVELOPE PRINCIPLE: ethics are subjective and what one finds acceptable behavior, another will find it unethical

PAYMENT PROVES PRINCIPLE: in business, the only opinions that matter are the ones attached to money. Money is a verifiable vote(MONEY TALKS, OPINIONS WALK)

FORGIVENESS PRINCIPLE: If you offer the world something valuable, the world doesn't ask about your past transgressions. Relative-value is utterly ignorant to your faults and historical failings, or your life demerits.Can you solve my problem and at what price?When you have what the market wants, you'll earn more than money; you can earn an unseen and unadvertised benefit: redemption

FINICKY FELINES PRINCIPLE: a reminder that even the best products or services will have a considerable breadth of dislikers. Best you can do with the marketmind is to go fishing and see what happens. "GOOD ISN'T GOOD ENOUGH" PRINCIPLE: if you aim for good, your likely outcome will be mediocrity or worse, poor. Make excellence a goal.Excellence is about doing the best you can do

LEAP OF ZEROES PRINCIPLE: an inflection point in your business when bigger decisions with bigger price tags must be made. People spend more time planning their week-long vacation than they do planning for their financial futures. Expense should be reasonable and necessary

ASYMMETRIC TRACTION PRINCIPLE: the majority of your company's growth will happen from a minority of your strategy.

8 Major Marketing Channels:

1. **BUSINESS DEVELOPMENT / JOINT VENTURES / PARTNERSHIPS:** Influencers, affiliate relationships, and joint ventures with other companies. Application: A YouTube influencer agrees to review my book or accepts it freely
2. **DISTRIBUTIVE MARKETING:** Channels, distributors, and other wholesale or retail firms who sell your product. Application: Selling my audiobook on Audible
3. **EMAIL / TEXT MARKETING:** Sending potential or existing clients new offers and sales. Application: Text messaging a client who abandoned their shopping cart, and messaging customers about new products/offers
4. **PUBLIC RELATIONS:** Free media, press releases in major media, podcast interviews, and contributing articles to media outlets. Application: Writing for MarketWatch or Forbes while plugging my forum.
5. **SEARCH ENGINE AND REVIEW MARKETING:** Target favorable rankings in the search engines and review services for a particular keyword. Application: Yelp, Google
6. **ONLINE ADVERTISING:** Paying to advertise to a target audience, pay-per-click advertising, display ads, pixel remarketing. Application: Google, Pinterest, Facebook, Instagram, Etsy, etc.
7. **ONLINE CONTENT OR VALUE MARKETING:** Content marketing, blog articles, online tools, forums, blogs, free calculators. Application: The Fastlane Forum and GradeMyBusinessIdea.com
8. **OFFLINE MARKETING:** Direct marketing (mail), billboards, vehicle marketing Application: Mailing a potential client a free sample

Most of my revenue came from three channels: search engine marketing, business development (affiliates) and pay-per-click advertising. In my publishing company, most of my income comes from three channels: Amazon, audiobooks, and content marketing, via community development through my forum. Focusing on the bigger roads ensures asymmetric yields on your effort that move the needle faster.

THE COMMITMENT PRINCIPLE & BALANCE PRINCIPLE: if you want to live the "middle way" for most of your life, you'll need to embrace commitment, and sometimes that commitment can wear the mask of imbalance, at least temporarily. Prioritize your priorities beyond rat race coping mechanisms.

THE BURNT BRIDGES PRINCIPLE: (BURNT BRIDGES CAN'T BE REBUILT) most new business ideas are unearthed from jobs and it is always best to leave your job on good terms

WEALTH ACCELERATION PRINCIPLE: an economic reality called the valuation multiple which gives business owners the power to explode wealth. Any time you grow your business, you receive a net worth

gain equivalent to the industry's average multiple. More significant the impact your company makes, the larger the multiple becomes

GREAT DISHWASHER PRINCIPLE: how you do what is meaningless is how you will do what is meaningful. Don't just do the work; kill the work. Remember, strive for excellence and give good a great chance. Whatever you're doing, approach it with these three things in mind: 1) effort, 2) pride, and 3) optimism. Do it as if it were your own. What you do does not make you, but how you do it

DIDEROT PRINCIPLE: the more stuff you have, the more stuff, or carry cost, your stuff needs. Consumption spirals into more consumption, and often continuous, repeat consumption.

BACKSEAT PRINCIPLE: every person who is in or enters, your social circle puts you one degree away from their consequences. Be wary of who you invite into your life. Start looking at people as if you were a backseat passenger in their car

"LIVING THE DREAM " PRINCIPLE: affirms that you are just a split-second away from living the dream. Resurrect the dream from the dead, give it a vision and a probability, and then relentlessly pursue it.

Compound Interest (Script's biggest lie): dependent on variable savings rates, variable jobs, variable returns, variable market instruments, variable inflation, variable political and economic climates, and finally, a variable life expectancy.

1. evil twin—inflation—is also gnawing away at your real purchasing power. A million today gets you a decent house. A million in 2061 might only snag a decent car.
2. assumes a lot of "constants." Constant employment, constant health, constant saving, constant economic booms, and constant controlled inflation.

*Wall Street won't make you rich—unless you work on Wall Street. Money today is better than money tomorrow.*

Trying harder doesn't change the system.

*Instead, resolve to learn the methods and the means of the laboratory—become the scientist*

Unscripted 1%: growing class of entrepreneurs who built businesses from nothing but sweat, an open mind, and a willingness to learn. But these businesses aren't typical enterprises like a corner coffee shop or an eBay store. They're businesses that allow their owners to take charge of their life in all meaningful capacities: life purpose, financial freedom, the pursuit of passions (often unrelated to business) and more importantly, free time.

1. UNPLUGGED UNSCRIPTEE-You wake up. And there's no going back
2. FASTLANE UNSCRIPTEE-graduated from awareness to execution. (Eg:owns a couple of duplexes and an eCommerce website)

3. LIBERATED UNSCRIPTED-Retired. Free from the rat race with total financial independence. Work-optional. If your financial freedom is dependent on something you can't control, you're not free. To win an unconventional 1% existence you can't think like the conventional 99%

STEP 1: CALCULATE THE PTEA - Reviewing your 1/5/10 Planasy, calculate the pre-tax earnings needed to purchase the assets you envisioned at your 10 year vision. To calculate the tax rate, divide the asset cost by top tax rate in your country subtracted by 1. At 40%, you would divide by .6, or 60%.

Example:

Nice house= \$2,250,000

Vacation condo= \$500,000

Four cars= \$250,000

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After-Tax Cost of Assets = 2,250,000 + 500,000 + 250,000 = \$3,000,000

Before Tax Cost = 3,000,000 / .6 = \$5,000,000

Translation: To purchase \$3,000,000 in assets, you will need to earn \$5,000,000 before taxes.

STEP 2: CALCULATE THE ASSET CARRYING COST - Looking at your ten year vision again, now calculate your yearly carrying cost for the assets described above by multiplying by 1.5%. This covers insurance, utilities, property taxes, and miscellaneous repairs. Next, add your carrying costs for your lifestyle and existence costs. These are costs like health insurance, food, clothing, and entertainment. If you plan to have children, add \$15,000 to the carry cost for each child. And finally, to calculate the after-tax carry cost, divide total cost by the respective tax rate on passive investments in your country subtracted by 1. At 40%, this is again a division by .60, or 60%.

Asset Carry Cost (1.5% x \$3M) = \$45,000

Health Insurance = \$10,000

Lifestyle/entertainment = \$10,000

Existence expenses = \$10,000

Three Children (C) = \$45,000

For each child you plan to have, add \$15,000.

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Annual Carry Cost = \$120,000

Gross Carry Cost Before Tax = \$200,000

Translation: You need pre-tax earnings of \$200,000 a year to net \$120,000 and



support your the 10-year lifestyle outlined in your 1/5/10 Planasy

#### STEP 4: CALCULATE THE POM

POM = Paycheck Pot x 50% = \$2,000,000

$\$2,000,000 / [1 - 40\%] = \$3,333,333$

Translation: \$2,000,000 is your “peace of mind” cushion which is obtained by pre-tax earnings o  
\$3,333,333.

#### STEP 5: CALCULATE THE ESCAPE NUMBER

PTEA + Money-system + POM = Escape Number  $\$5,000,000 + \$6,666,666 + \$3,333,333 = \$15,000,000$

Translation: To escape the rat race and enjoy your dream vision in your 1/5/10 Planasy, you’ll need to earn roughly \$15,000,000 before taxes. This assumes \$4,000,000 is invested in passive income investments, you saved a \$2,000,000 “POM” cushion, and you own all your homes and cars without loans or mortgages.

#### The Wage Locus

Rat Race Identity: The Worker

Rat Race Reality: The Unskilled Job Hopper

Monetization: Wages for Unspecialized Labor

Retail clerks, delivery drivers, cashiers, construction laborers, and fast-food cooks—all jobs where your boss views you as a disposable body, an easily replaceable cog in a system.

#### The Salary Locus

Rat Race Identity: The Professional

Rat Race Reality: The Skilled Salary Optimizer

Monetization: Salary for Specialized-Skill

Folks with a salary-locus often go to graduate school to seek expanded skills and/or credentials. With any skill that commands a salary, a salary-locus tends to lock that person into a career for life

#### The Profit Locus

Rat Race Identity: The Entrepreneur

Rat Race Reality: The Value-Creator

Monetization: Profit for Net Perceived-Value

With a profit-locus, you identify within the system as an entrepreneur who creates value. Income is not linked to jobs, your skills, or your experience, but profit, which is a function of value delivered. Carry a lifetime profit-locus, and wealth and freedom will be your prize.

Profit is net perceived-value (NPV)—the margin between the value you create and the value you sell it for. If you invent a gadget that sells for \$50, but it costs \$20 to get to market, your net perceived-value, or profit, is \$30. If you sold 500,000 over ten years, your profit is \$15,000,000. Sadly, profit (or NPV) is a

double-edged sword. If you sell ten gadgets in ten years, you make three hundred bucks while losing valuable time.

The Wage Locus:

I need a better job that pays more per hour! Anyone hiring? Can I get more hours at work?

The Salary Locus:

I need to go back to school and learn a new skill, one that pays a better salary! Time to call the head-hunter!

The Profit Locus:

I need a better product that is more valuable to more people!

Locus determines focus. It unblinds and gives sight to possible solution

THE MONEY-SYSTEM STRATEGY: A money-system is an investment portfolio that pays you for renting or investing capital. In return for your rental, you get paid monthly interest, capital gains, profits, or dividends. And the payment is entirely passive, like my first “free money” experience. Such capital investments could be a bond, a dividend paying company, a public partnership, an investment fund, or a real estate investment trust found on the world’s various stock markets

1. As scientists, we’re not using the stock market for wealth creation, we’re using it for income, liquidity, and inflation protection.
2. We’re not trying to turn a hundred bucks into \$10 million over forty years, we’re trying to turn \$10 million dollars into a \$30,000 paycheck every month. Specifically, don’t use the capital markets to make you rich, use it to keep you rich.

**MJ - lot of my cash is invested in bonds: tax-free municipals, corporate, emerging-markets, and closed-end funds. Other investments are in dividend stocks, like Abbvie (a healthcare company) and a nice allocation of real estate trusts. one of my favorite money-system investments is Southern Company. This electric utility powers many southern American states. I own thousands of shares, hasn’t cut its dividend in nearly 70 years. I don’t have more than 25 percent invested in the stock market.**

ESCAPE NUMBER STRATEGY: Escape Number is the dominant goal that represents the amount of pretax money you need to earn to escape the rat race in the desired lifestyle specified in your 1/5/10 Planasy

Escape Number = PTEA + Money-System + POM

PTEA = The pre-tax income you need to EARN to purchase the assets you specified at your ten-year vision.

Money-System = The pre-tax earnings you must earn which must be SAVED in a lump sum investment which pays the yearly carrying costs of the assets plus the yearly lifestyle and existence expenses.

POM = The “Peace of Mind” variable is an arbitrary percentage of your money-system which represents liquid, surplus cash providing you with insurance from lengthy economic recessions and/or stock market crashes.

SPECIALIZED-UNIT STRATEGY:

1. SECOND-ORDER SPECIALIZED-UNIT limited by time & many of those hours are needed for the sales process. decent start to breaking rat race economics
2. FIRST-ORDER SPECIALIZED-UNIT A first-order specialized-unit can be anything with a demand as long as this product/service can eventually survive disconnected from your time. Think software, franchises, physical products including food, games, information, books, clothing, gadgets, inventions—anything that exists separate from you, the entrepreneur. From foodstuffs to software subscriptions to grooming products, your creation must have the theoretical power to be sold in massive quantities, which transforms bad math into good math. can be replicated, used, consumed, or sold repeatedly. This fact puts rat race economics on notice: more dollars, less time

BUSINESS SYSTEM STRATEGY: A business system is responsible for getting your specialized-unit into the hands of the right audience. The business system trades its time for money, replacing YOU as the method for trade.

Publish a book on Amazon and wait is not a business system, it’s a lottery ticket. I spent years building my business system. From advertising mediums to retail channels, to wholesale distributors, to marketing strategy—the grind doesn’t end at the specialized-unit, it begins. A specialized-unit without its business system is like ying without its yang

KNOWLEDGE GAP STRATEGY: yesterday’s beneficial knowledge is today’s worthless knowledge. An old education rarely fits a new opportunity

ASYMMETRIC RETURNS STRATEGY: You don’t want to trade your time selling your skills; you want to invest your skills in a specialized-unit and its business system. Instead of increasing the frequency (more hours) or skilled value (more salary), work to expand the reach (more people) and external value (more impact) of your specialized-unit. This transformation creates the potential for asymmetric returns —one unit of work, five units of pay. The rat race’s primary ally, ULL, is replaced CUL, or Controllable Unlimited Leverage.

Sell a million of anything, and yes, you will earn millions. Impact millions, make millions.

With magnitude, the potential leverage is both in the market size and the margin. Scale minimally impacts many; magnitude maximizes impact on a few. Both lay the foundation for asymmetric returns

POLARITY STRATEGY: business mindset guided by me-centered introspection instead of a market-centered extrospection.

The harder you try to earn cash with me-centered fantasies, the more it will elude you. You can’t win this game if you can’t oust your selfishness. If you’re too busy focusing on what you want, you’ll never see what other people want. The marketplace is a hungry, self-centered brat. And one hungry brat doesn’t need

another brat to join him. He needs an adult to fill his needs. Be the adult. Feed the brats, and they'll stop crying while paying you for the privilege. The world simply demands its mediocre comfort provide it, and you will enjoy magnificent comfort

VALUE MARRIAGE STRATEGY: five variants of value are:

1. True-value: total value that your product delivers when used as intended. Eg: software, it's when all of its functionality is used as designed to affect a solution.
2. Utility-value: customer experience after using your product, Eg: owned my marketing company, some customers underutilized my software. Some didn't use certain features, others ignored customer leads. Utility-value didn't measure up to true-value. for someone who fully comprehends this book and escapes the rat race, utility-value equals true-value
3. Relative-value: true-value of your product as compared to other products in the marketplace. Eg: business selling T-shirts, you fail relative-value because the world already has four million entrepreneurs offering the same thing
4. Surplus-value: found in commoditized fields where typically the best price wins.
5. Perceived-value: your product as advertised and viewed in the marketplace. This is your website, product labeling, marketing, advertising, and messaging

VALUE SKEW STRATEGY: Your goal is to have as many runners in the race as possible. Yes, you can't be everything to everyone, but you have to be something for someone OUTPERFORM THE

COMPETITION: ONE IMPROVEMENT MAKES A BUSINESS, SEVERAL MAKE AN EMPIRE

Primary attributes: your product deconstructed down to its core components. Better features, better user interface (UI), better price, better color options, better craftsmanship, better raw materials? Every component is a skewing opportunity.

Secondary attributes: which consist of the product's marketing and delivery to the customer. your website's order process, photos, shipping/return policy, your company's story, customer service, sales copy, Yelp reviews, and social media posts "Best price" is an analytical metric, whereas most decisions are based on emotional appeals. Bottom line: Skew two or three value attributes favorably, and you have a business that will win a few races. Skew four or more value attributes and you might head to the Olympics with an empire. Advantage: YOU!

MOAT STRATEGY: You want your product/service hard to copy competitively but easy to replicate internally, which ensures protected leverage, ease of replication is not about scaling customers or sales but about scaling potential demand.

NEGATIVE SKEW STRATEGY: One negative value attribute can destroy ten positive ones. Some deal-breaking negative skews that sent my money to competitors:

The product had an undesirable ingredient: Red 40, Aspartame, Maltodextrin, GMO corn, milk powder, animal products.

The product was packaged in thick jailhouse plastic.

The company was actively engaged in political activism against my beliefs.

The product had too many negative reviews

SUCKS TO BUCKS STRATEGY: formula for transforming SUCKS into SUCS is simple: Identify your client's customer service expectation profile and then Violate it.

DUAL CHANGE STRATEGY: all these appearances of luck is the entrepreneur took advantage of an emerging change in the environment. They weren't the late adopters in the business cycle; they were the innovators and early adopter. If you can ride the change, you also can get lucky. The first is yin, or extrinsic changes in the environmental such as shifts in tastes, culture, and technology, all of which cause the knowledge gap's natural expansion.

PESTLE is a textbook strategic model that can help you identify changes, opportunities, or threats to any business.

1. Political - What political dynamics are likely to affect the business?
2. Economic - What supply and demand considerations will likely affect the business?
3. Sociological - What cultural shifts and/or tastes are likely to affect the business?
4. Technological - What technological changes (or disruptions) might affect the business?
5. Legal - What current or future legislation could affect the business?
6. Environmental- Will environmental shifts or trends might affect the business?

The yang of the dyad is intrinsic change, how much have you changed lately

When I saw the culture coins flipping, I learned new skills, spotted imperfection, skewed value, and offered relative-value, I took a stake in the outcomes. You should too.

HARDLINE STRATEGY: When everyone is chasing after the low-hanging fruit found on the Internet, better opportunities exist higher up the tree. Stop ignoring the real world over the digital world

FASTLANE STRATEGY: CENTS Framework

1. COMMANDMENT OF CONTROL: you want your entire operation insulated or diversified from disruption, no third-party should be able to incite a catastrophic incident. No one should rule over your business (Scientist Strategy, Specialized-Unit Strategy, Job Proxy Principle, Shortcut Principle, Commodity Principle, Easy Goes Hard Principle, Moat Strategy)
2. COMMANDMENT OF ENTRY: as entry barriers to any business weaken, so does the opportunity( Specialized-Unit Strategy, Process Principle, Problemology Principle, Shortcut Principle, Commodity Principle, Easy Goes Hard Principle, Moat Strategy)
3. COMMANDMENT OF NEED: if you provide relative-value through a specialized-unit, satisfying needs or wants, money magnetizes toward you. Growth, profits, and an explosive offense are likely to follow (Profit Locus Strategy, Specialized-Unit Strategy, Consumer/Producer Principle, Polarity Principle, Passion Principle, Value Marriage Strategy, Problemology Principle, Value Skew Strategy, Negative Skew Strategy, Imperfection Principle, Stakeholder Principle  
SUCS to Bucks Strategy, Dual Change Strategy, Hardline Strategy)
4. COMMANDMENT OF TIME: you commit to a mid- to long-term vision of having your income and wealth detached from time, done through physicality your specialized-unit sells on its own through a

business system, eventually detached from your labor (Lost Principle Principle, Specialized-Unit Strategy, Business System Strategy, Discounted Time Principle, Bad Math Principle, Polymorphic Pay Principle)

5. COMMANDMENT OF SCALE: your specialized-unit must be replicated in a significant quantity and profitably. (Offense/Defense Principle, Bad Math Principle, Specialized-Unit Strategy, Business System Strategy, Consumer/Producer Principle, Asymmetric Returns Strategy, Moat Strategy)

RULES AND RISKS STRATEGY: Rules are meant to be broken- rules of culture and business that define the Script's prevailing wisdom and keep you obediently confined in a bubble.(BREAK RULES TO BREAK THROUGH THE NOISE) Rules are for rats. Change is for scientists

SMALL WINS STRATEGY: Market engagement is what causes you to grow, gain skills, and uncover better opportunities that abide by the CENTS Framework (AIM FOR MINOR IMPROVEMENT: THE LITTLE THINGS CAUSE THE BIG THINGS)

FEEDBACK LOOP STRATEGY: Achievement and self-development sparks passion, wallowing within comfort, an agent of mediocrity, does not. Master your mind, and the right passion will serve you for life(CONNECT YOUR FEEDBACK LOOP TO SPARK PASSION)

MACGYVERISM STRATEGY: If you can create value, something self-made, self-procured, or self-engineered and sell it just once to someone, congratulations. You will fire transformative passion(COMBINE LOW VALUE TO CREATE HIGH VALUE)

HUNTING GROUND STRATEGY: To impact millions, you must reach millions.(HUNT WHERE MANY RATS ARE BITING) larger TAM sizes

are- pond (your customers are in the city/county/community), lake (your customers are in the state or region), sea (your customers are in the country), ocean (your customers are in the world)

3A STRATEGY: ACT, ASSESS, ADJUST: SOLVE PROBLEMS WITH THE SCIENTIFIC METHOD

EXPECTED VALUE STRATEGY: Asymmetrical returns are impossible unless you match your near-term potential skills with the largest potential outcome. choose the opportunity with bigger outcomes as it blows up expected value, and

the possibilities of your effort.take the opportunity wherever your maximum potential (knowledge and talents you can reasonably learn with discipline and practice) meets non-zero probability. Don't play the rat race to optimize mediocrity, play to change your life. Asymmetric returns need significant potential outcomes which drive up expected values (MAXIMIZE EXPECTED-VALUE: MATCH YOUR POTENTIAL SKILLS WITH THE LARGEST POTENTIAL OUTCOME)

PROBABILITY HACKING STRATEGY: despite identical probabilities, luck will be felt when there is a significant outcome, luck is emotional and probability is logical

NAPKIN STRATEGY: the product might solve a need, but it doesn't do so in a meaningful way that BOTH gives the customer value and gives the entrepreneur a significant profit, Is your effort worth the potential profit? Enough to pay the bills? Change your life? Does the time you're investing warrant the potential payoff?(RUN THE NUMBERS OR HAVE THEM RUN YOU)

OPTIMUM EXPERIENCE STRATEGY: great business idea strapped with the wrong business model is destined to fail, When you work backward from the best customer experience, it can help you uncover the right business model. The optimal customer experience (and their solved problems) exposes the numbers and will tell you immediately if the numbers work or not.(SELECT A BUSINESS MODEL THAT OPTIMIZES THE CUSTOMER EXPERIENCE)

LOCKSTRAP JANE STRATEGY: One who sells a bottle of water doesn't need to be thirsty himself. The world's insatiable appetite for wants, needs, and desires are yours for the filling. To quench others' thirsts, you only need to see and understand their thirst. You don't have to share it. Let the market sort it out while you roll in the dough

ENGAGEMENT STRATEGY: Get out into the world and see what sucks and what needs fixing.  
(ENGAGE THE WORLD AND OPPORTUNITIES WILL NEVER BE A PROBLEM)

CRITICAL PATH STRATEGY: Your problem defines your next course of action.correct course of action is the shortest path to your first customer (critical path) & Identify the relative-value you seek to provide and you will identify the road to critical path

RIGHT BOOK STRATEGY: Whatever problem stands in your way, the book with the solution is the book you need to read

ONE PROBLEM STRATEGY: Stop worrying about distant problems when you haven't even made your first buck or found your first customer (STOP SHOPPING FOR FERRARIS, SHOP FOR ONE SOLUTION)

1/2/3 MARRIAGE STRATEGY: Execute of 1 Hour, 2 Days, and 3 Years

Rule of 1 hour: spend one hour discussing the five relationship killers of failed marriages- Politics, Religion, Children, Career/money, Diet/Fitness/Nutrition

Rule of 2 days: you must spend two days with your partner in hell before getting married. You must endure each other in the worst of conditions and the most trying of circumstances

Rule of 3 years: regularly date for at least three years before marriage and seeing each other several times a week, if not living together

SEARCH CIPHER STRATEGY: process of assembling a product together before it can be sold and search cipher is an official terminology that unlocks business-advancing knowledge when performed at any search engine

PRODUCTOCRACY STRATEGY: Productocracy is achieved with a unique and recognizable value-skew that isn't offered elsewhere. The value-skew can be one attribute, or a combination of many. When the market reacts to this

favorable skew, your current customers become the primary driver for your business growth through reviews, referrals, and recommendations, your product contagiously sells itself. The pull is word of mouth, social proof, and satisfied users (AIM FOR A PRODUCTOCRACY: A PULL PRINTS MONEY, A PUSH ADVERTISES)

FOR IT) standard - three Os : If it's obtrusive (cold calls, door knocking), obvious (OMG I'm sick of this commercial!), or outrageous (seems too good to be true!)

ENVIRONMENTAL HACKING STRATEGY: Every failure is preceded by an environment that doesn't encourage change, but a continuation of the status quo, to Unscript, your environment must be engineered to help. Not hinder., manipulate your environment so that you move probability toward success(CHANGE THE WEATHER TO MAKE PROGRESS EASIER)

PERSONALITY AND PURPOSE STRATEGY: Branding is art of personifying a business with human qualities and characteristics, so it reflects or affirms your customer's identity.The company's mission goes beyond the product and is purpose-driven with an identity as if it were an actual person. And because its target customer shares a similar identity, skew and brand value is created.People are loyal to brands and relationships, not corporations or businesses. Make your business feel like a person with a soul and a personality. Build friendships, and those friendships will turn into money (HUMANIZE YOUR CORPORATION WITH A PERSONALITY AND A PURPOSE)

GOLD STAR STRATEGY: While you build your business, it's essential to reward yourself, even for the small wins.Once the asymmetric returns begin, the gold stars can get more extravagant, and you can start crossing off 1/5/10 milestones

FRUIT TREE STRATEGY: What's actionable today, most likely, won't be actionable tomorrow.While some peeled fruit is worth investigating and deploying, most of your growth will come from fruit trees. Fruit trees are new strategies, mediums, or channels that haven't been mass promoted into the mainstream.change is constant and is the launching pad for new millionaires and billionaires.

DEMONSTRATION STRATEGY: (DEMONSTRATION IS GOLD, DESCRIPTION IS DIRT)

Demonstration Principle serves to minimize risk, present pre-purchase value, and foster reciprocity.

GAMIFICATION STRATEGY: Win your freedom and be happy in its pursuit. Yes, happiness NOW, not LATER, you have to become a problemologist to advance through the game you're continually investigating, identifying problems, acting, assessing, and adjusting, As skills and resources accumulate, so do your opportunities and their results.

MILLIONAIRE PAYCHECK STRATEGY: Take a few seconds, at most a minute, and seek a discount, a promo code, or a negotiation. If you're successful, you will earn a staggering return on your time, usually an hourly rate that amounts to thousands.Whenever you make a purchase, hire yourself, and aim to get it for less.

FIRED CUSTOMER STRATEGY: Customers aren't kings, they're presidents—and presidents can be booted out of office with just one vote yours.

HINDSIGHT STRATEGY: Consequential-thinking extrapolates consequences while assessing risk and probability. Think before you act! Before embarking on a risky action, ask the questions: What are this action's worst- and best-case consequences and their reasonable odds? Are these outcomes worth the risk? Are you betting the house to win a free hamburger? To be edgy? Are you risking your health to inflate your ego?



## TRIANGULATED VALUE STRATEGY: (RELATIVE-VALUE CASTING: DON'T QUIT THREE FEET FROM GOLD)

5 Components of the sales system.

1. Relative-Value (The Bait): your product or service
2. The Message or Offer (The Hook): your offer, fact is that many great products die because of flawed offers and poor presentations: messaging failure
3. The Channel (The Boat): marketing, retail, or wholesale channel and is needed to take you to sea, or the market. You must continuously test varied channels and targeting options by using the 3A Method; acting, assessing, and adjusting. Your product might not suck, but the channel and the audience it hits do.
4. The Reach (The Frequency or Depth): your reach and market penetration for your relative-value offer. The right channel and the right targeting, but the wrong reach, might falsely flag failure.
5. The Closing/Conversion (The Fishing Pole): Your fishing pole reels in the catch with a conversion, or your ability to close the sale. Your specialized-unit is offered at the right channel and in the right quantities. You've got a fantastic offer, and your customer is hooked

SCAIDA STRATEGY: As entrepreneurs, half our battle is creating something people want. The other half is convincing them to buy it. When casting your relative-value, one piece of the sales system is your hook, the messaging that shifts a potential customer to a buyer. As consumers, we buy things to solve needs. We participate in transactions to fill voids. You don't buy a piece of software; you buy a convenient solution. As problemologists, we must demonstrate our solution, not the facts and features of the solution. Translate feature into a benefit.

Compelling hooks and the entire sales process: SCAIDA

1. Self-Centered(SC): As such, people don't care about your business, they only care about what it can do for them. Your entire offer must lead and then linger in the spirit of pure, unadulterated self-centeredness. What can your business do for me? How will it make my life sexier, more comfortable, or more livable? In historical marketing parlance, it's called WIIFM, or what's in it for me?
2. Attention (A): Grab attention with a compelling, benefit-oriented headline or a shocking picture that lures eyeballs. goal is to grab your customer's attention with your offer's primary benefit. If there are many benefits and value-skews, focus on the top one, more commonly known as your USP, or unique selling proposition.
3. Interest (I): Art of creating more Interest in your offer happens when you stack value skews. Interest is where you expand on the benefits of your offer beyond the primary one. Make what's in it for me more compelling than the primary benefit. If possible, don't describe; demonstrate by offering a free trial, a free sample, or a video walkthrough
4. Desire (D): Desire drives up the Interest with more value-adds on top of your primary and secondary offer. Desire could be free bonuses, discounts, extended trials, sweepstakes entries, or

add-on upgrades. Wrap up all these extra bonuses by telling the potential customer how these other benefits will help them, on top of the primary benefit.

5. Action (A): Action is a call to close the sale. Nowadays, the most effective way to do this is through a scarcity statement. Limited time only! Offer expires in two days! Only 100 spots are available! Only 500 in stock! Then stack your scarcity statement with a FOMO (fear of missing out) through social proof, peer testimonials, and user raves from satisfied users. Social proof creates a FOMO element, but it also strengthens Desire because it's an uncompensated third-party validation.

Your customer is Self-Centered: grab his Attention with a benefit-oriented headline or an impactful picture; generate more Interest by stacking more benefits; build Desire by demonstration and how your relative-value solves problems proved by positive testimonials; take Action and close with a scarcity statement and more raves

SELF-DIRECTED PINK-SLIP STRATEGY: (DON'T QUIT YOUR DAY JOB UNTIL YOUR BUSINESS MAKES YOU) Don't quit your job unless you've got the following four guidelines flashing green.

1. Existing sales with adequate profit margins
2. At least a six-month runway (cash flow) to support an owner paycheck
3. Scale and growth potential (Can revenue increase 10X within the next 12 months?)
4. Evidence of a Productocracy

STORIFICATION STRATEGY: (PUT IT IN A STORY: IF YOU CAN MAKE THEM CARE, YOU CAN MAKE THEM BUY) attach a powerful story to your company and its products, and you will sell more. Stories are how we make sense of the world. And when the right story resonates with your customer's identity, either through their humanity or their ego, you create positive value-skew and a more compelling argument for their sale. The most important page on your website isn't what you're selling, it's the story revealing WHY you are selling it. Studies have proven that the "About Us" page is one of the most frequently visited pages on a website. Tell your audience WHY you are in business and give them a story they can identify with. If consumers identify with either you or your product, you will sell more and stack your skew.

GOING WIDE STRATEGY: (CONSIDER "GOING WIDE" TO EXPAND YOUR TAM (AND YOUR PROFITS) Can your business systemS19 leverage operations and economies of scale to offer another product that would expand the TAM? If the carrying cost of "going wide" is financially justified, consider it a wise move

PURPOSE DRIVEN STRATEGY: (BE LED BY PURPOSE, NOT PASSION)A strong Purpose fires motivation, steels determination, and jerks you outside of your comfort zone.nothing else mattered.Your Purpose doesn't matter, only that it's as intense and urgent as the approaching train

POROUS BELIEFS STRATEGY: Believe whatever you want—but please, believe it only after you have investigated all available information and audited your beliefs. Seek the truth, not a confirmation of your biases. "What gets us into trouble is not what we don't know. It's what we know for sure that just ain't so."

THREE STRIKES STRATEGY: Whenever identical patterns emerge with negative echoes, it's likely a skewing opportunity to improve your value array. Removing negative skew is value-skewing. use a three strikes scale: one meaningful invalidation is a curiosity, two is a concern, and three is critical.

OBSERVED MODELING STRATEGY: (USE OBSERVED MODELING TO EXPOSE TRADE SECRETS AND BEST PRACTICES HIDING IN PLAIN SIGHT) If you want to learn from these gurus, stop buying what they SELL, and start studying what they DO. Winning formulas aren't a secret. They're advertised in broad daylight for all to see. Look at the best, observe, reverse engineer, and model. Assess, adjust, repeat.

NO JUDGMENT STRATEGY: It pays to test your wrongheadedness. Accept wrongness and get rich or believe your rightfulness and stay poor (SIDELINE YOUR BIASES AND WIPE YOUR TEARS WITH MILLIONS)

CHOOSING HAPPINESS STRATEGY: When the answer is "more," it's a fractal mind-fragment because "more" is unattainably infinite. When you're always moving the goalposts, the search for fulfillment never ends. The end result is your life punctuates with fleeting moments of transient happiness while pure happiness peeks over a distant horizon. You're working hard for milestones and goals, but misery bridges the chasm between the achievements. Whenever your mind dwells on the past or future, the joy of Now is lost. Anxiety, fear, or impatience becomes the baseline. Pure, lasting happiness occurs in the present when transient happiness is not present. If you're thinking about a dreamy future, the same thing: the idea occurs in the Now. Now is the only place where pure happiness can switch on. And any thought that takes you away from the Now is a raincheck on joy

1. First happiness lever is gratitude. Embrace the process and your current station in life. No matter what it is, feel it, live it, and don't let it pass without your appreciation
2. Second lever is friends (your support network) , specifically, positive relationships with people who support your goals. All relationships are a choice that impacts your story.
3. Third lever is freedom, or autonomy the ability to feel in control of your life, to stockpile options, mobility, and whatever else you want to do, caused my happiness switch to permanently flip
4. Fourth lever comes from fulfillment or purpose. Broadly speaking, fulfillment is contribution and self-development. It's the feedback loop S46 and knowing that you're making a difference and doing meaningful work. It's having an active dream and the autonomy to pursue it. You today are better than You yesterday
5. Fifth lever is your health: Physical well-being

The psychological self-determination theory (SDT) supports autonomy (freedom) as well as connectedness (family) as a critical factor in happiness. Best forms of motivation and engagement, including persistence and creativity, come from our experience of autonomy, competence, and relatedness. These needs, when satisfied, enhance self-motivation and mental health (well-being). intrinsic improvement and growth (fulfillment), autonomy (freedom), and relatedness (family) are core constituents of happiness.

"Having a strong sense of controlling one's life is a more dependable predictor of positive feelings of well-being than any of the objective conditions of life we have considered."

If your job provides autonomy, connectedness, and a feeling of competence, you've made your happy switch an easy flip.

The five levers to flip on your happy switch: gratitude, autonomy, purpose, self-development, relationships, and health. Don't wait to be happy; choose to be happy

BIG LIST STRATEGY: the bigger list you have, the bigger your paycheck will be. A list is a big part of your asset's valuation. Any business, from a global operation to the local coffee shop, absolutely must have a website. While sales are its primary goal, your secondary goal for your website must be list building: offer value. In direct-marketing circles, a free value offering is called a lead magnet. It could be a newsletter, a free resource, an extended trial, a discount, or a contest entry. While some consumers might see email/text marketing as intrusive or annoying, make no mistake: it is the fastest and easiest way to generate a lot of money fast. Big social media presences have value, but they're not as important as what you own, monetize, and can sell. A bigger list draws bigger profits, which draws a bigger valuation.

PHONE AND FEDEX STRATEGY: Phone call is always treated more urgently than an email, as is an in-person visit. Sometimes if you want unconventional results, you have to do what is unconventional, or what might be considered "oldschool".

WIN-WIN STRATEGY: Win-Win Analysis is simply one question: Is there a third-party agreement, a joint venture, or an unconventional deal that can solve this problem and be a "win-win" for the partner?

APOLOGIZE LATER STRATEGY: When you want something bad enough, you don't ask for permission. You don't raise your hand and patiently wait to get called on. You get up and do it. The keys to your dream await in open pastures: your website, YouTube, Instagram, Amazon, and any other medium with an audience. There's only one gatekeeper to target: the marketmind. Fear—not gatekeepers—is the only thing that conceals talent. Throw yourself overboard into the marketmind and let them react to your value.

WEAKNESS & TRIP WIRE STRATEGY: tripwire, a method that detects potential incompetence and/or oversights (remove ALL brown M&Ms - Van Halen). Job as an entrepreneur wasn't to do spectacular things; it was to hire those who can do the spectacular things for him

CORNBREAD STRATEGY: When starting and growing your company, cornbread must come before champagne. Cornbread is any expense that can positively impact your bottom line, directly or indirectly: a new software program, a new advertising expense, a new employee. Any expenditure that has no meaningful or measurable effect on the bottom line is a champagne expenditure. Every dollar you earn or invest in your company should go into cornbread. Until you reach the business's maturation stage, it shouldn't be spent if it cannot grow the bottom line. Extra expenditures, such as marble doors, custom-branded mousepads, and that fancy neon light for your logo, can wait.

D.A.R.E. STRATEGY: Downside Asymmetric Risk Event is when your choices have best- and worst-case consequences that are unevenly skewed negatively: minimal upside, colossal downside.

LOW EXPECTATIONS STRATEGY: (CARRY LOW EXPECTATIONS TO PROVOKE HIGH SATISFACTION) While you might not be able to control reality, you can control your

expectations. Change your expectation, and you can change satisfaction and keep that happiness switch on.

PERSEVERANCE STRATEGY: (BELIEVE IT, DEFINE IT, SET THE GOAL, SHIFT THE IDENTITY, AND FORGE A NEW YOU) Half of what separates the successful entrepreneurs from the non-successful ones is pure Perseverance. First ingredient to perseverance, Belief and Second ingredient in perseverance's recipe is Purpose. 1) Shift to a future, growth-identity and 2) Build effective anchors.

FINANCIAL ARMY STRATEGY: (RAISE A FINANCIAL ARMY: START SAVING FOR YOUR LIFETIME PAYCHECK) First, make every dollar spent fall into one of four categories:

1. **BASIC LIVING EXPENSES** Food, shelter, transportation, insurance—in the early stages of business, your household should be run lean
2. **DEBT REDUCTION:** While raising a financial army is offense, defense is protecting it. When you carry debt you can't afford, you create traitors: your soldiers defect to the enemy and then fight to enslave you
3. **CORNBREAD BUSINESS EXPENSES:** Your business anchors net worth acceleration through asymmetric returns, not pennies pinched from canceled cable TV subscriptions. Massive wealth doesn't come from annual eight percent stock market returns; it comes from annual 800 percent returns from your business. If your business is a Productocracy, it will always be the best bet for surplus money
4. **YOUR MONEY-SYSTEM AND ITS ESCAPE NUMBER:** Save the remaining funds into your money-system. And as your business grows, so will your savings-rate. The final step for raising your army is to make it bigger every week, even just a few dollars. Every month get closer to your Escape Number. Altogether, your end game is to create your business system and funnel excess profits into a money-system, which ironically, consists of many third party business systems. A business system you own funds business systems you do not. The short- and long-term goal is identical: lifetime financial freedom. Saving slow for retirement is a dumb idea; saving fast to win your freedom is not.

COST OF MONEY STRATEGY: If you need a loan afford it, you can't afford it

NEW HORSE STRATEGY: (KNOW WHEN IT'S TIME FOR A NEW HORSE) Your business might be screaming to grow, but such growth no longer coincides with your 1/5/10 Planasy. You either need a new plan, or you need a new direction. Don't fear closing one part of your life to start a new one.

3T FINANCIAL STRATEGY: Time favors NOW over LATER, just like money. Money and free time enjoyed today is far better than ten years from now. Just don't make the decision on numbers alone—consider time, trouble, and taxes

MONOGAMY STRATEGY: Monogamy seals a great marriage, both in business and in relationships. Committed to one business and one only. Only after striking it big, polygamy happens—diversification into multiple ventures where passions are explored and capital allocated. If you're new to entrepreneurship, monogamy must precede polygamy. Be loyal to one business, skew multiple value

attributes Act, Assess, and Adjust on it, validate a Productocracy, and that business will be loyal to changing your life. Change your life first, then you can focus on changing the world

RAT RACE LOSES ITS QUEEN: understood how millionaires and billionaires became millionaires and billionaires: They weren't buying indexed-funds and hoping for eight percent a year, they were hunting for printing presses that generated asymmetric returns. They would sell products and services and reap a ridiculous ROI, hour by hour, day by day, month after month.

Entrepreneurship is nail and scale, not worry and scurry

## VARIOUS ESCAPE NUMBER CALCULATIONS

### **Escape Number = PTEA + Money System + POM**

*PTEA* = The pre-tax earnings needed to purchase the assets specified at your ten-year vision.

*Money System* = The pre-tax earnings which need to be earned and then saved. This pays the yearly carrying costs of the assets plus the yearly lifestyle and existence expenses.

*POM* = An arbitrary “peace of mind” figure that allows you to be fully immune from economic recessions and/or stock market catastrophes.

- **STEP 1:** Calculate pre-tax earnings need to purchase the assets (Cost of Assets / [1-TaxRate])
- **STEP 2:** Calculate your yearly carrying cost for the assets. (Cost of Assets X 1.5%) plus \$15,000 for every child.
- **STEP 3:** Calculate your after-tax money-system, the pre-tax lump sum earnings needed to be saved, which carries the asset costs via investment income.
- **STEP 4:** Calculate your pre-tax POM number using an arbitrary percentage of your money-system divided by 1 minus the expected tax rate. A minimum of 50% is recommended. This gives you a safety net from economic recessions.
- **STEP 5:** Calculate your Escape Number by adding the net asset cost (PTEA) to your pre-tax money-system number, plus your pre-tax POM.

## EXAMPLE #1: THE NOMAD TRAVELER

*I want to travel the country in a luxury RV with my wife and child, and visit every 50 state!*

### STEP 1 (Pre-Tax Earnings to Buy Assets)

Class One RV = 1,000,000

One Jeep (towed) = 50,000

After-Tax = 1,000,000 + 50,000 = \$1,050,000

Pre-Tax = 1,050,000 / .60 = \$1,750,000

**Translation:** To purchase \$1,050,000 in assets, you will need to earn \$1,750,000 before taxes.

### STEP 2 (Carrying cost of assets)

Asset Carry Cost (1.5% x \$1.05M) = \$15,750

Health Insurance = \$10,000

Lifestyle/entertainment = \$10,000

Existence expenses = \$10,000

One Child (C) = \$15,000

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Annual Carry Cost = \$60,750

Gross Carry Cost Pre-Tax = \$101,250

**Translation:** You need to earn \$101,250 a year before taxes to support the assets.

### STEP 3 (Calculate your money-system)

Paycheck pot = [Carry Cost (\$101,250) / Expected Yield (5%)] = \$2,025,000

\$2,025,000 / [1 - 40%] = \$3,375,000

**Translation:** You need to earn \$3,375,000 to save \$2,025,000 earning 5% to generate \$101,250 in yearly passive income.



**STEP 4 (Calculate your POM)**

$\text{POM} = \text{Paycheck Pot} \times 50\% = \$1,012,500$

$\$1,012,500 / [1 - 40\%] = \$1,687,500$

**Translation:** Your economic POM cushion is \$1,012,500 which is acquired by earning \$1,687,500

**STEP 5 (Calculate your Escape Number)**

$\text{Escape Number} = \text{PTEA} + \text{Money-system} + \text{POM}$

$\$6,812,500 = \$1,750,000 + \$3,375,000 + \$1,687,500$

**Translation:** To escape the rat race and enjoy your dream envision in your 1/5/10 Planasy, you'll need to earn roughly \$6,812,500 before taxes. This assumes you saved \$2,025,500 (earned from \$3,375,000) which is invested in passive income investments and you own your RV and car without loans. You also have a \$1,012,500 cushion (earned from \$1,687,500).

## EXAMPLE #2: THE SINGLE PLAYBOY(GIRL)

*I want fast cars, three houses around the world, and the ability to do whatever I want!*

NOTES: WILL BE SUBJECT TO 40% TAXES AND LARGER POM FIGURES, OR 100%.

### STEP 1 (Pre-Tax Earnings to Buy Assets)

House one = 3,000,000

House two = 1,500,000

House three = 1,000,000

Six luxury/sports cars = 1,500,000

After-Tax = 7,000,000

Pre-Tax = 7,000,000 / .60 = \$11,666,666

**Translation:** To purchase \$7,000,000 in assets, you will need to earn \$11,666,666 before taxes.

### STEP 2 (Carrying cost of assets)

Asset Carry Cost (1.5% x \$7M) = \$105,000

Lifestyle/entertainment = \$30,000

Health Insurance = \$10,000

Existence expenses = \$10,000

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Annual Carry Cost = \$155,000

Gross Carry Cost Pre-Tax = \$258,333

**Translation:** You need to earn \$258,333 a year before taxes to support the assets.

### STEP 3 (Calculate your money-system)

Paycheck pot = [Carry Cost (\$258,333) / Expected Yield (5%)] =  
\$5,166,660

\$5,166,660 / [1 - 40%] = \$8,611,110

**Translation:** You need to earn \$8,611,110 to save \$5,166,666 which earns 5% to generate \$258,333 in yearly passive income.

#### **STEP 4 (Calculate your POM)**

POM = Paycheck Pot X 100% = \$5,166,660

$\$5,166,666 / [1 - 40\%] = \$8,611,110$

**Translation:** You need to earn \$8,611,110 to save a \$5,166,666 POM cushion.

#### **STEP 5 (Calculate your Escape Number)**

Escape Number = PTEA + Money-system + POM

$\$24,972,220 = \$7,750,000 + \$8,611,110 + \$8,611,110$

**Translation:** To escape the rat race and enjoy your dream envision in your 1/5/10 Planasy, you'll need to earn roughly \$25 million in pre-tax money. This assumes you saved \$5,166,666 (via \$8,611,110 in earnings) which is invested in passive income investments and a \$5,166,666 POM cushion (via \$8,611,110 in earnings) and you own all your homes and cars without debt.

### EXAMPLE #3: THE STARVING ARTIST/MUSICIAN

*I don't care about fast cars or big houses, my husband and I just want to be live an artistic life free from work while enjoying life with our three kids.*

NOTES: WILL BE SUBJECT TO SMALLER TAXES AND POM FIGURES.

#### **STEP 1 (Pre-Tax Earnings to Buy Assets)**

House = 550,000

Two cars = 50,000

After-Tax = \$600,000

Pre-Tax = \$800,000 (using tax rate 25%, not 40%)

**Translation:** To purchase \$600,000 in assets, you will need to earn \$800,000 before taxes.

#### **STEP 2 (Carrying cost of assets)**

Asset Carry Cost (1.5% x \$600K) = \$9,000

Lifestyle/entertainment = \$7,000

Health Insurance = \$10,000

Existence expenses = \$10,000

Children (3) = \$45,000

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Annual Carry Cost = \$81,000

Gross Carry Cost Pre-Tax = \$108,000 (tax rate 25%, not 40%)

**Translation:** You need to earn \$108,000 a year before taxes to support the assets + children.

#### **STEP 3 (Calculate your money-system)**

Paycheck pot = [Carry Cost (\$108,000) / Expected Yield (5%)] =  
\$2,160,000

\$2,160,000 / [1 - 25%] = \$2,880,000

**Translation:** You need to earn \$2,880,000 to save \$2,160,000 yielding 5% per year to generate a \$108,000 in pre-tax polymorphic pay

**STEP 4 (Calculate your POM)**

POM (Using 33% or  $.33 \times \$2,160,000$ ) = \$712,800

$\$712,800 / [1 - 25\%] = \$950,400$

**Translation:** You need to earn \$950,400 to save an extra \$712,800 for a “peace of mind” cushion.

**STEP 5 (Calculate your Escape Number)**

Escape Number = PTEA + Money-system + POM

$\$4,630,400 = \$800,000 + \$2,880,000 + \$950,400$

**Translation:** To escape the rat race even in this minimalistic lifestyle, you’ll need to earn roughly \$4.6 million before taxes. This assumes \$2,160,000 is saved (via \$2,880,000 in earnings) which is invested in passive income investments, you own your assets without debt, and you have \$700,000 saved as an economic cushion (via \$950,400 in earnings.)